CONSOLIDATED FINANCIAL STATEMENTS OF SARAS GROUP AND SEPARATE FINANCIAL STATEMENTS OF SARAS S.P.A. FOR THE YEAR ENDED 31 DECEMBER 2014

SARAS

Contents

An independent heart
in the middle of the Mediterranean

The Saras Group

The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Group's refinery is situated in Sarroch, on the South-Western coast of Sardinia, and it is one of the biggest and most complex sites in the Mediterranean area. Owned and managed by the subsidiary Sarlux Srl, the refinery enjoys a strategic location at the heart of the Mediterranean Sea and is regarded as a model of efficiency and environmental sustainability, thanks to a wealth of know-how, technology and human resources accumulated in more than 50 years of business. With a production capacity of 15 million tons per year (or 300,000 barrels per day), the Sarroch refinery accounts for about 15% of Italy's total refining capacity.

Both directly and through its subsidiaries, the Saras Group sells and distributes oil products including diesel, gasoline, heating oil, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, mainly on the Italian and Spanish markets, but also in various other European and extra-EU countries. In particular, in 2014 approximately 2.45 million tons of oil products were sold in the Italian wholesale market, and a further 1.23 million tons of oil products were sold in the Spanish market through the subsidiary Saras Energia, which is active both in the wholesale and in the retail channels.

In the early 2000s, the Saras Group entered also the power generation sector with the construction of an IGCC plant (Integrated Gasification plant with Combined Cycle power generation), which has a total installed capacity of 575MW and it also is owned and managed by the subsidiary Sarlux Srl. The feedstock used by the IGCC plant is obtained from the heavy oil products of the refinery, and the plant generates over 4 billion kWh of electricity each year, which corresponds to more than 30% of the electricity requirements in Sardinia. Moreover, still in Sardinia, the Group produces and sells electricity from renewable sources, through a wind farm situated in Ulassai. The wind farm, which started operations in 2005, is owned and managed by the subsidiary Sardeolica Srl and it has an installed capacity equal to 96MW.

Lastly, the Saras Group provides industrial engineering and scientific research services to the petroleum, energy and environment industries, via its subsidiary Sartec SpA, and it operates also in the research and development of gaseous hydrocarbons.

Milestones

The 1960s – Start of operations

1962: Saras is founded by Mr. Angelo Moratti

1965: The Sarroch refinery begins operations

1968: Start up of a new Crude Distillation Unit (Topping) and of the Fluid Catalytic Cracking plant (FCC)

The 1970s – Refining for third parties

1970: Start up of the Alkylation Unit (ALKY) and of a waste water treatment plant

Early '70s: Refining services are offered to third parties for the first time (tolling agreements)

The 1980s – Increase in conversion capacity

1983: Start up of the Visbreaking Unit (VSB) and of a Vacuum plant (Vacuum)

1984: Start up of the Continuous Catalytic Reforming Unit (CCR)

Late '80s: Revamping of the FCC Unit, with capacity increased up to 94,000 bl/day

The 1990s - Environment, new technologies, and expansion into the wholesale market

1992: Start up of the first MildHydroCracking Unit (MHC1)

Mid '90s: Saras begins to operate in the wholesale market in Spain (Saras Energia) and Italy (Arcola Petrolifera)

The 2000s - IPO and further investments in high technology and environment

2001:
- Start up of the Integrated Gasification Combined Cycle plant (IGCC)
- Start up of a second MildHydroCracking Unit (MHC2)
- Start up of an Etherification Unit (TAME)

2005: The Ulassai wind farm starts operations, with an installed capacity of 72MW

2006: IPO to grow the business and explore new opportunities

2007: Increase in conversion capacity, leading to significant improvements in the production of automotive diesel

2008:
- Achievement of EMAS environmental registration (Eco Management Audit Scheme)
- Start up of the Tail Gas Treatment Unit and Sulphur recovery (TGTU)
- Start up of the gasoline desulphurisation unit (U800)

2009:
- Sales of gasoline and diesel with 10ppm (parts per million) sulphur content begin, thus contributing to a meaningful reduction of indirect emissions of SO_2
- Saras is the first refinery in Italy to obtain the AIA authorization (Integrated Environmental Authorization), which represents part of a journey to improve the technical and structural characteristics of the plant, in order to minimize the environmental impact of production activities
- Extension of the retail network in the Southern areas of Spain, through the integration of 71 new service stations acquired from ERG
- Inauguration of the artwork "La cattura dell'Ala del Vento" created by the artist Maria Lai, and dedicated to the Ulassai wind farm
- Completion of an important cycle of maintenance and investments, critical for the future growth of the company, on the following units: Topping 1, FCC, ALKY, TAME, MHC1, MHC2, and VSB

The 2010s – Focus on safety, environment, efficiency and improvements in profitability

2010:
- "Project Focus" starts, with specific targets such as improving production efficiency and, effectiveness of operations, and rationalising costs
- Saras becomes a certified member of the OCIMF (Oil Companies International Marine Forum), and it is now allowed to make "vetting" operations within the SIRE programme managed by OCIMF
- Emission of Eurobonds restricted to institutional investors, with a total principal amount of EUR 250 million and a maturity of 5 years. The bonds are listed on the Luxembourg Stock Exchange, have a coupon of 5.583%, shall mature on 21st July 2015, and do not involve collateral or covenants

2011:
- "Project focus" achieves positive results in the area of "cost rationalization" (more than EUR 20 m of savings in FY2011), and also in the area of "operational effectiveness". Its scope is further extended to include also the areas of "Planning" and "Supply & Trading"
- The Group relies on its commercial and operational flexibility to overcome a shortage of Libyan crude oils, as a consequence of the civil war which devastates that country
- An important 10-year scheduled maintenance cycle is carried out on the entire IGCC plant, bringing back to full efficiency all units of the plant
- The subsidiary "Sardeolica Srl" completes the repowering of the Ulassai wind farm, increasing the installed capacity from 72 up to 96 MW, with 48 aero-generators
- The Group launches the first programme of corporate restructuring: On July 15th, "Sargas Srl" is created in order to carry out exploration, transport, storage and commercialisation of gaseous hydrocarbons; On September 30th, "Eolica Italiana Srl" and "Nova Eolica

Srl" merge into the subsidiary "Ensar Srl"; Finally, on October 1st, a new subsidiary called "Deposito di Arcola Petrolifera Srl" is created through a partial de-merger of "Arcola Petrolifera SpA"

2012:

- In a competitive environment which becomes increasingly harder due to the recession of the Euro Zone, the Saras Group continues to aim at being a leading operator in terms of safety and efficiency within its sector
- In the Refining segment, the activities for the revamping of the MildHydroCracking-2 Unit (MHC2) proceed perfectly in line with cost and time forecasts
- The Board of Directors of Saras SpA approves the Group Business Plan 2013 – 2017, which is focused on activities aimed at improving effectiveness and efficiency, as well as pursuing new commercial opportunities
- Finally, a new important programme of corporate restructuring is launched, with the aim of transferring all activities relating to the refining business to the "Sarlux Srl" subsidiary, fully owned by Saras, in order to achieve organizational, managerial and economic optimisations

2013:

- The Saras Group's strategy focused on three main areas of activities: on the industrial side, all efforts aimed at the achievement of the optimal operational performance, through the implementation of "Project Focus"; on the management side, a corporate restructuring was successfully completed, in order to transfer the refining business held by Saras SpA to the subsidiary Sarlux Srl; finally, with regards to the business model, the Group began the development of a commercial partnership with Rosneft, under the format of a 50/50 Joint Venture, aimed at exploiting the potential of each party, respectively in the *upstream* and in *the downstream* sectors.
- With regard to the shareholding structure of the Saras Group, towards the end of April the company Angelo Moratti SapA, Mr. Gian Marco Moratti and Mr. Massimo Moratti completed the sale of 13.70% of Saras SpA share capital to Rosneft JV Projects SA, an indirect 100% subsidiary of Rosneft. Subsequently, in mid-June, a voluntary partial tender offer, made by Rosneft JV Projects SA, for 7.29% of Saras SpA share capital, was completed successfully.

2014:

- The European refining sector continued to face a landscape of stagnating demand for oil products and narrow margins, for most of the year. Only in the second half of the year, there was a gradual recovery of the refining margins, due to the decline of crude oil quotations. The Saras Group continued its asset management programme, aimed at the reduction of operating costs, the increase of energy efficiency, and the coordination between the refinery planning and the supply & trading activities.
- With regard to refinancing activities, on July 9th 2014 Saras SpA issued bonds, with five years maturity and a total principal amount of EUR 175 million, on the multilateral trading facility of the Third Market of Wiener Borse AG.
- From a corporate and organisational point of view, on September 10th 2014 the merger of Arcola Petrolifera Srl into Saras SpA, of which Arcola was a wholly owned subsidiary was signed. For statutory purposes, the Merger became effective as of October 1st 2014, whereas for accounting and tax purposes the effective date is January 1st 2014.
- With regard to investments aimed at maintaining capacity and improving the Refining segment, between September and October, Saras carried out the activities for the five-year "*turnaround*" of the Fluid Catalytic Cracking unit (FCC) and of its two main ancillary units: the Alkylation unit (Alky) and the Etherification unit (TAME). These improvements will also produce important energy savings.
- On the Health, Safety and Environmental front, the Group continued during the entire year the investments dedicated to the protection of the land and of the underground water, and implemented new systems for environmental control, fire protection and storage of rainwater.
- Finally, on December 29th 2014, Saras SpA, through its wholly owned subsidiary Sarlux Srl, completed a very important acquisition of a business of Versalis SpA, part of the ENI Group, comprising approx. 80% of the production units of the Versalis petrochemical plant in Sarroch, in Sardinia. With this resolute acquisition, in a period of deep crisis for the European refining industry, the Group demonstrated that it continues to believe in the value of the sector, and it will seek to achieve industrial and organizational synergies, which will further strengthen its competitive positioning in the international landscape. Among the main units acquired are the "Reformer", used for the production of gasoline and hydrogen, the "BTX" and the "Formex" which split aromatic components, and the "Propylene Splitter" which separates propane for domestic consumption and high quality propylene for petrochemical applications. Additionally, logistic units and utilities have also been acquired, including the power plant and the maritime terminal.

Letter to the Shareholders

2014 was again a difficult year for the refining sector, but also a transition year, during which the oil markets had some really environment deep changes. In general, the macroeconomic in Europe did not provide any significant signal of improvement and, both industrial activities and demand for oil products continued to decrease during the entire year.

Refining margins were largely negative for the entire first half of the year, squeezed by high prices of crude oil, related also to the geopolitical tensions existing in various oil producing regions. However, in the second half of the year, a progressive and relentless decline of the oil quotations began, mainly as a consequence of crude production significantly exceeding consumption, and constantly growing. Also the refined products markets went through a dramatic downward adjustment, but there was also a change in values of products relative to crude oil. More specifically, the price of diesel went from a premium over Brent lower than 15% in June, to a premium of more than 30% at the end of 2014. As such, refining margins were able to achieve a progressive recovery, bringing relief to refining companies, and creating an advantage for those better equipped to capture the commercial opportunities available in this market.

In such a difficult and changing environment, the ability of our Group to react in a dynamic manner, developing and implementing many important initiatives aimed at changing the organization both from an operational and a managerial point of view, in order to achieve optimal performance in terms of energy efficiency and operations effectiveness was fundamental.

Therefore, besides continuing the implementation of its "asset management" projects already ongoing for a few years, the Saras Group implemented also a corporate reorganization in FY 2014, merging its subsidiary Arcola Petrolifera Srl, active in the commercialisation of oil products in the wholesale Italian market, into the parent company Saras SpA, which already manages the "supply & trading" activities of the Group. This operation aims at achieving operational synergies, improving the coordination of all the commercial activities carried out in Italy.

Moreover, the Group sold the business of production and sale of Biodiesel, belonging to the subsidiary Saras Energia, with its production plant located in Cartagena, Spain. The plant was built in 2008 based on certain expected scenarios for the implementation of the European regulations concerning the minimum blending requirements of biofuels into the traditional fuels of mineral origin. As a matter of fact, the regulations changed over the years, and this caused the Group to abandon the biodiesel business and divest its assets.

However, the most important operation conducted by the Group in FY 2014 was, undoubtedly, the acquisition of a business from Versalis, a company of the ENI Group, comprising approx. 80% of the production units in Versalis' petrochemical complex in Sarroch. The acquisition has the objective to significantly strengthen the industrial positioning of our refinery, completing the traditional oil refining cycle in accordance with the most advanced techniques. Moreover, it provides us with large development opportunities, including the possibility to expand along the value chain, and it gives us access to new markets, such as benzene, xylene, petrochemical propylene, and possibly also other markets in the future.

This important acquisition, exactly at the time of our fiftieth anniversary from the start of operations in the Sarroch refinery, formally represents also a “return to the origins”. Indeed, in the vision of our founder, Mr. Angelo Moratti, the traditional oil refinery had a petrochemical plant right next to it, as a natural completion of the production cycle.

Today, our Group comes back to its ideal configuration, which is crucial in order to compete at best within the global refining sector, and to capture all the opportunities which the market will offer in the year 2015. Thanks to an integrated management of the two industrial sites, bringing the two different operations into one single entity, we are confident to increase the operational effectiveness and the value of our production, while at the same time we will aim at meaningfully reduce the total costs of the industrial site, achieving all the possible synergies between the two plants.

Completing such an important project was an excellent result, achieved thanks to the capabilities and the commitment of all our people, to whom we would like to show our appreciation. Now, we need to focus on the rapid and effective integration of the two sites, keeping the best practices developed in both cultures. It is a great challenge, which we are sure to win, because it can provide a sustainable future for our Group.

And indeed, with regard to sustainability, we wish to reaffirm once again, also from these pages, the commitment and devotion of the Saras Group to safeguarding the territory, the environment, and the safety of the people who work on our industrial site and live in the nearby communities. Also in FY 2014, Saras spread the safety culture at all company levels, with dedicated training activities and constant monitoring and assessment of the effectiveness for each one of the activities undertaken.

Looking forward, the year 2015 began in a positive manner, with refining margins further increased and supported by the weakness of crude oil quotations. Moreover, it is considered possible that Euro zone will start growing again, hence leading to a pick-up in the consumption of oil products. Therefore, there seem to be excellent perspectives for a rebound of the refining sector, after five long years of deep crisis. Our Group, which is traditionally used to counting only on its own resources, will be certainly ready and fully determined to exploit all the opportunities, and to celebrate in the best possible manner its first 50 years of operations.

The Chief Executive Officer
Massimo Moratti

The Chairman
Gian Marco Moratti

Saras Group Report on Operations

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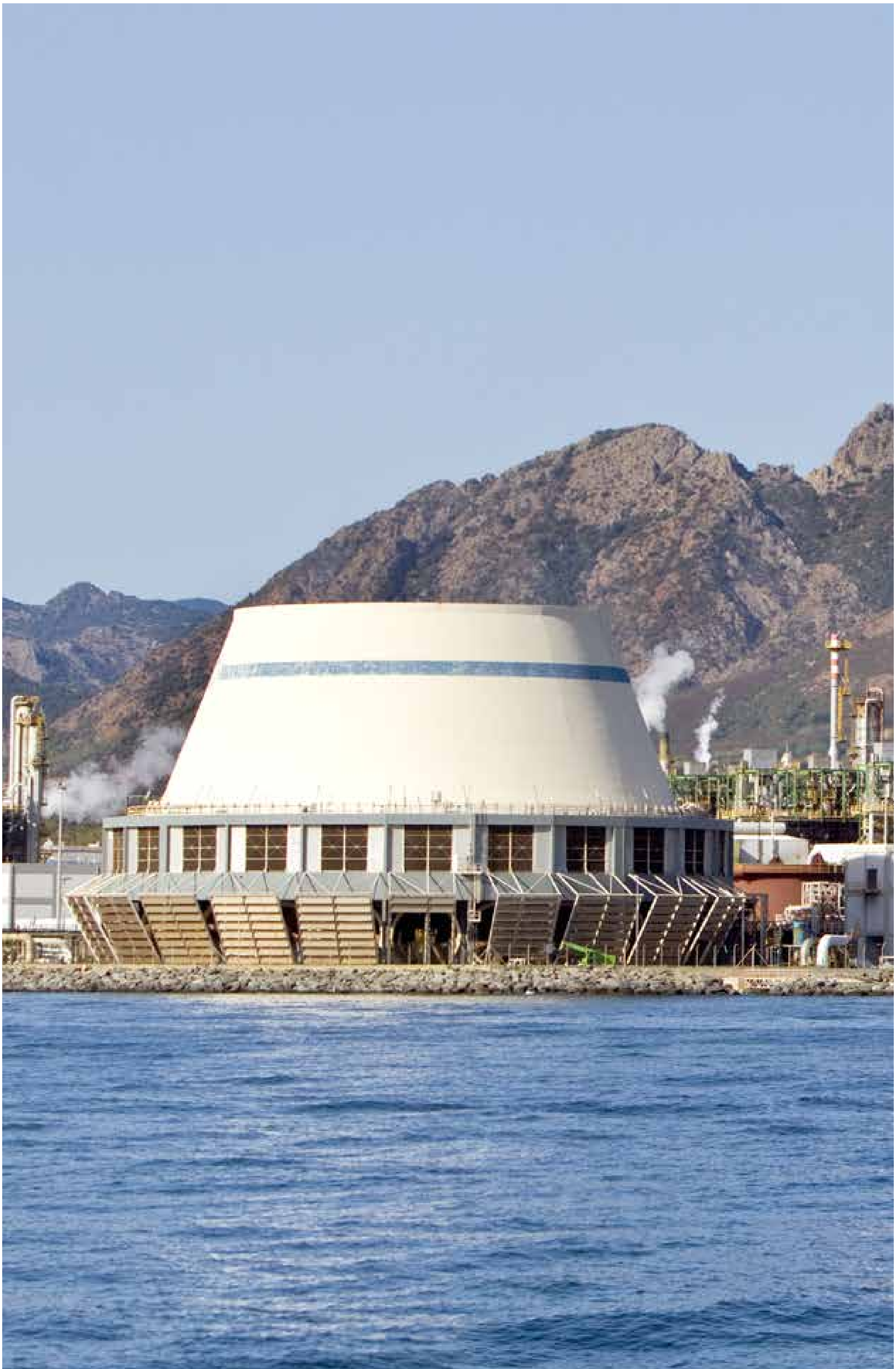


Main financial and operating figures

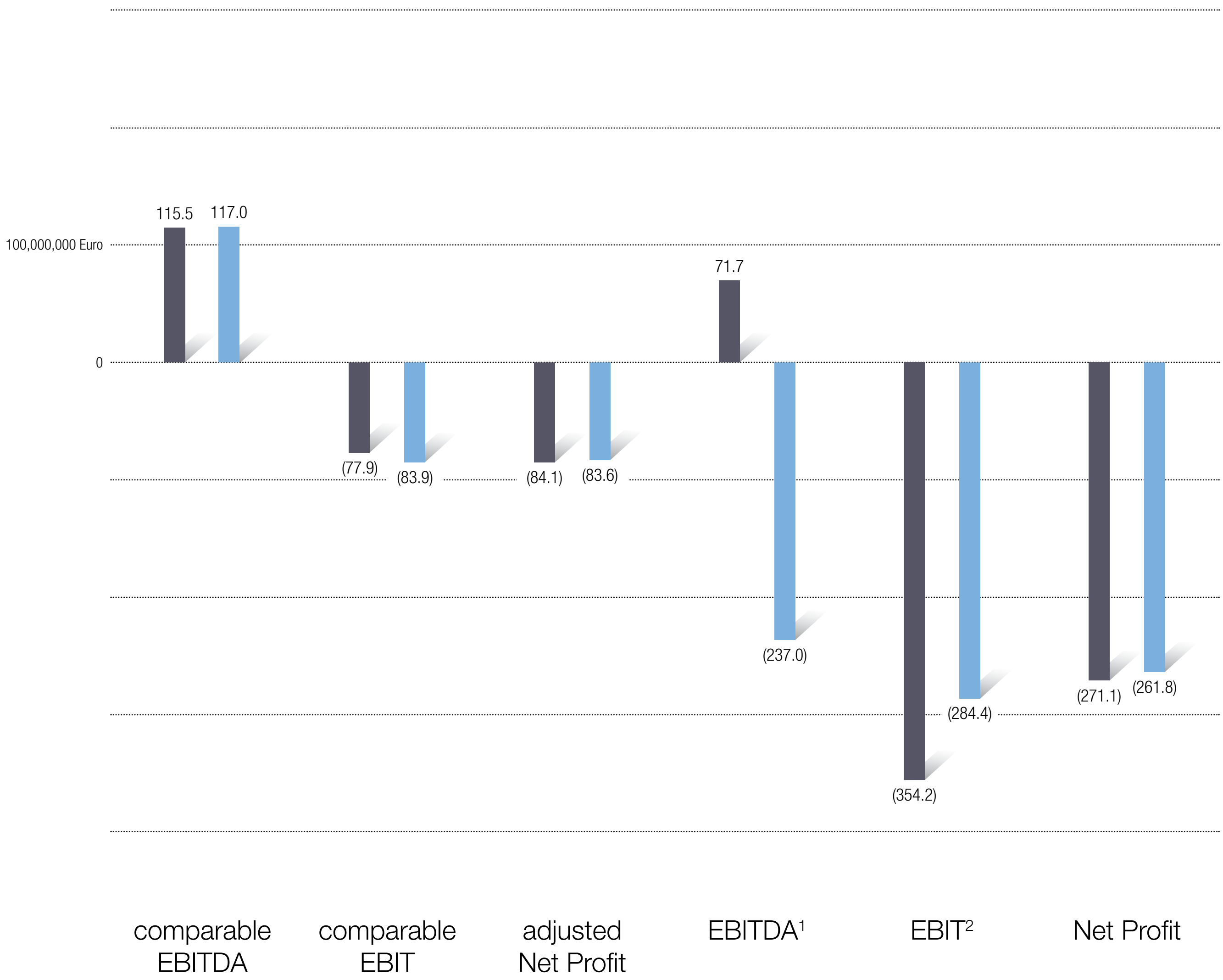
EUR Million		2014	2013	Change
REVENUES		10,272	11,230	-9%
EBITDA		(237.0)	71.7	-431%
***Comparable* EBITDA [1]**		**117.0**	**115.5**	**1%**
EBIT		(284.4)	(354.2)	20%
***Comparable* EBIT [1]**		**(83.9)**	**(77.9)**	**-8%**
Net Income		(261.8)	(271.1)	3%
***Adjusted* Net Income [2]**		**(83.6)**	**(84.1)**	**1%**
Outstanding shares, '000,000 (avg. nr.)		926	926	
***Adjusted* [2] EPS, (EUR)**		**(0.09)**	**(0.09)**	
NET FINANCIAL POSITION		**108**	**(8)**	
CAPEX		**136**	**110**	
REFINERY RUNS	Thousand tons	12,430	12,980	-4%
	Million bl	90.7	94.8	-4%
	Thousand bl/day	249	260	-4%
EXCHANGE RATE	EUR/USD	1.329	1.328	0%
EMC BENCHMARK MARGIN	$/bl	(0.5)	(1.2)	
SARAS REFINERY MARGIN	$/bl	0.9	1.5	
IGCC ELECTRICITY PRODUCTION	MWh/1000	4,353	4,217	3%
IGCC POWER TARIFF	Eurocent/KWh	10.1	11.9	-15%
IGCC MARGIN	$/bl	4.8	3.8	
TOTAL MARKETING SALES	Thousand tons	3,683	3,652	1%
of which in Italy	Thousand tons	2,449	2,342	5%
of which in Spain	Thousand tons	1,234	1,310	-6%

1. *Comparable* EBITDA/EBIT calculated in accordance with IFRS, adjusted for non-recurring items, changes in fair value of derivative instruments, and with inventories measured according to the LIFO methodology, which does not include revaluations and write downs.

2. *Adjusted* Net Result: Net Result adjusted for differences between LIFO and FIFO inventory valuations after tax, non-recurring items after tax, and changes in the fair value of derivative instruments after tax. Comparable and adjusted figures are not subject to audit.

Key financial and non-financial indicators

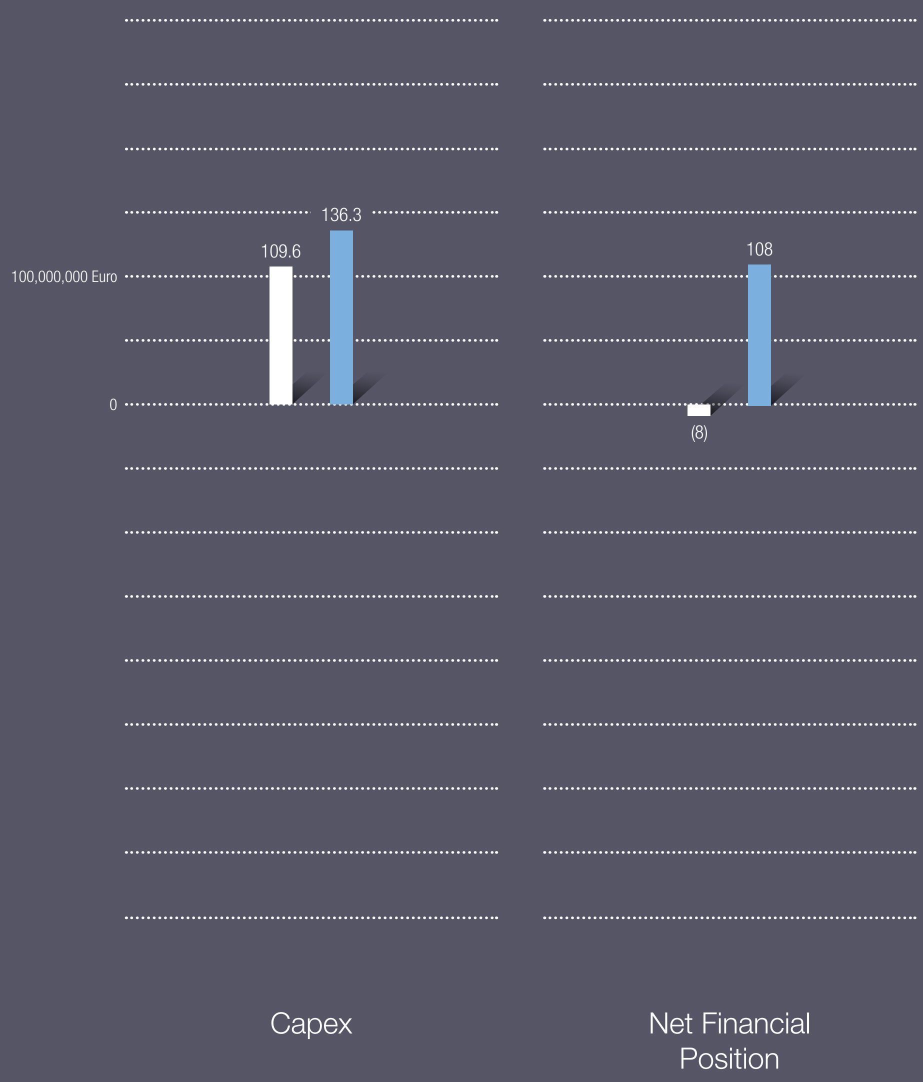
Main Income Statement figures [2013 and 2014]



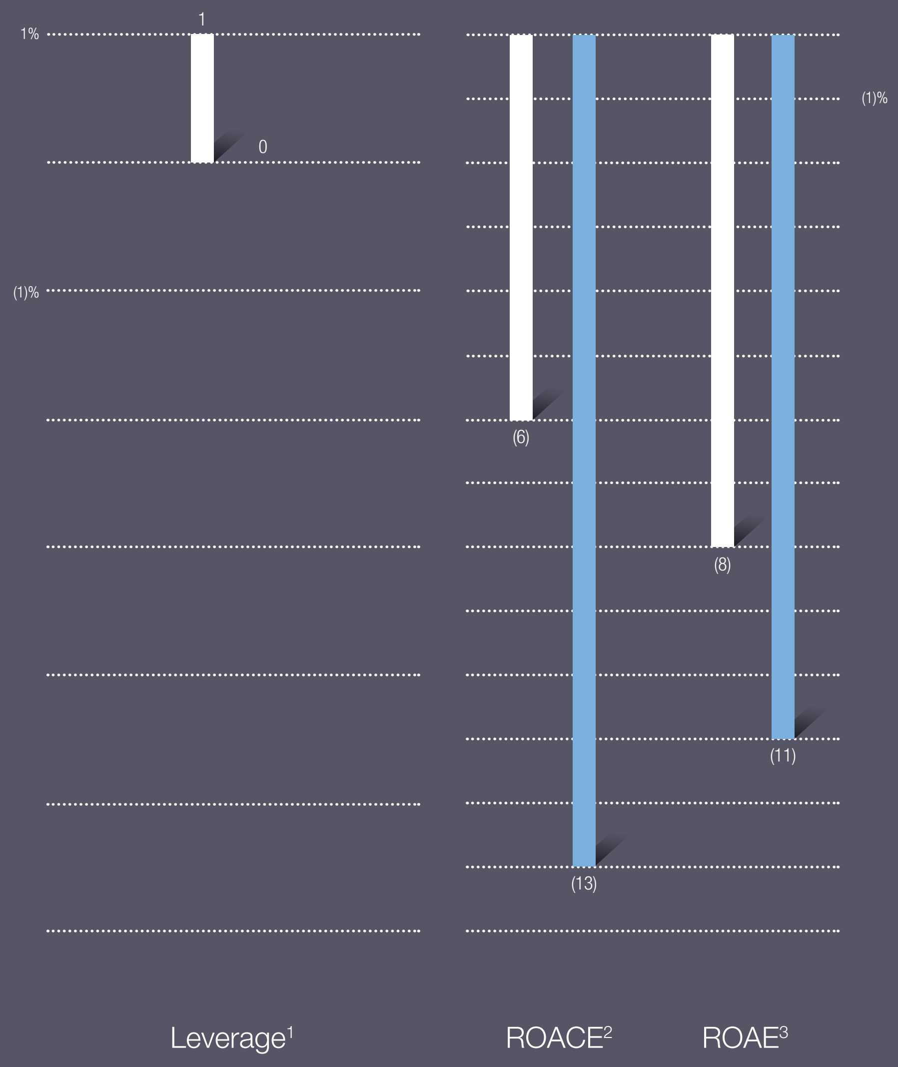
1. EBITDA Operating result before Depreciation&Amortisation.

2. EBIT Operating result.

Financial Position [2013 and 2014]



Key financial ratios [2013 and 2014]

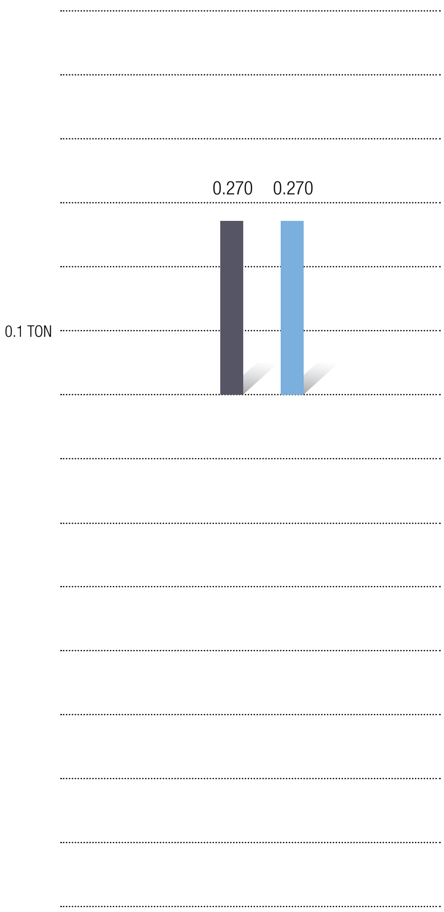


1. Leverage: net debt/(net debt+equity).

2. ROACE: return on average capital employed.

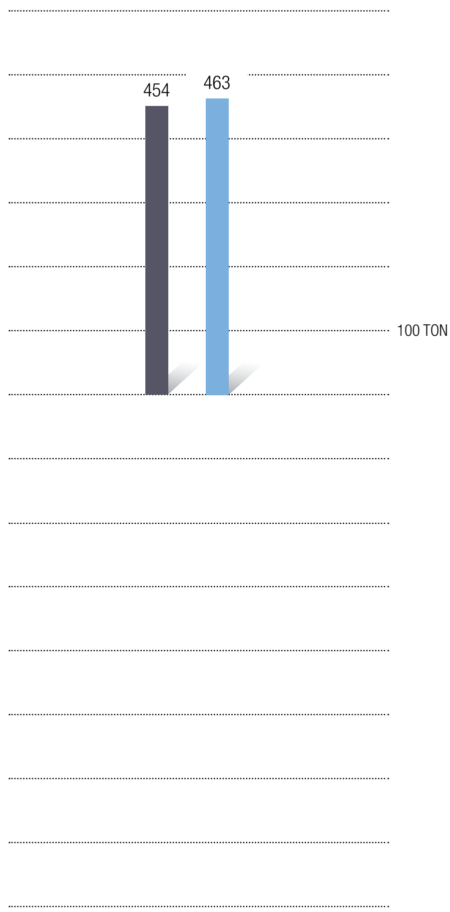
3. ROAE: return on average equity.

Environmental indicators [2013 and 2014]



SO_2 Production rate

(tons of SO_2 / thousand tons of refinery runs)



CO_2 Production rate

(tons of CO_2 / thousand tons of refinery runs)

Statutory Bodies

Board of Directors

GIAN MARCO MORATTI	Chairman and Director
MASSIMO MORATTI	CEO and Director
ANGELO MORATTI	Vice Chairman and Director
DARIO SCAFFARDI	Executive Vice President, General Manager and Director
ANGELOMARIO MORATTI	Chairman of Saras Energia and Director
GABRIELE MORATTI	Director
IGOR IVANOVICH SECHIN	Director
GABRIELE PREVIATI	Director
GILBERTO CALLERA	Independent Director
GIANCARLO CERUTTI (1)	Independent Director

Board of Statutory Auditors

FERDINANDO SUPERTI FURGA	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
MICHELE DI MARTINO	Permanent Auditor
LUIGI BORRÈ	Stand-in Auditor
MARCO VISENTIN	Stand-in Auditor

Executive Director responsible for financial reporting

CORRADO COSTANZO	Chief Financial Officer

External auditor

PRICEWATERHOUSECOOPERS SpA

1. Director elected by the list of minority shareholders

Board of Directors and Top Management

Gian Marco Moratti
Chairman and Director

Massimo Moratti
CEO and Director

Angelo Moratti
Vice Chairman and Director

Angelomario Moratti
Chairman of Saras Energia and Director

Gabriele Moratti
Director

Igor Ivanovich Sechin
Director

Gabriele Previati
Director

Gilberto Callera
Indipendent Director

Giancarlo Cerutti
Indipendent Director

Dario Scaffardi
Executive Vice President,
General Manager and Director

Corrado Costanzo
Chief Financial Officer

Corporate Governance

The Company adheres to the Code of Conduct drawn up by the Corporate Governance Committee and published by Borsa Italiana SpA in March 2006, as subsequently amended (the "Code of Conduct"), as set out in the annual report on Corporate Governance drawn up by the Board of Directors and published within 21 days of the Shareholders' General Meeting called to approve the 2014 Financial Statements.

The report, prepared in accordance with article 123-*bis*, first paragraph of the Legislative Decree 58 of 24th February 1998 (the Consolidated Finance Act, also called "TUF") and subsequent amendments, describes the main features of Saras' Corporate Governance system, and how its various components function in practical terms, with a specific focus on compliance with the recommendations contained in the Code of Conduct.

The corporate organisation of Saras SpA complies with the provisions of the Italian Civil Code and with other regulations specific to corporations, and in particular with the provisions of Legislative Decree 58 of 24th February 1998 ("TUF"). The Company is structured in accordance with the traditional model for administration and control, with a Board of Directors tasked with managing the Company. Within the Board, there is a "Remuneration and Nomination Committee", an "Audit and Risk Committee", and a "Board of Statutory Auditors" whose tasks include, among others, monitoring the compliance with legislation and with the Articles of Association, and controlling the adequacy of the Company's organisational structure, of the Internal Control System, and of the administrative and accounting system.

The Company has entrusted the task of auditing its annual and consolidated financial statements for the financial years 2006-2014, as well as the task of of half-year reports reviewing its for the same period, to the audit firm PricewaterhouseCoopers SpA ("PwC"). Considering that the above mentioned engagement has expired, the Company will appoint a new audit firm, which will remain in charge for the period 2015-2023.

The report provides details of the role and tasks of the Board of Directors, listing the functions that can and cannot be delegated, and providing up-to-date information on its composition and the meetings held in 2014 and in the first few months of 2015.

As of today, the "Audit and Risk Committee" is composed by the independent non-executive directors, Mr. Gilberto Callera and Mr. Giancarlo Cerutti, and by the non-executive director Mr. Gabriele Previati. Moreover, Mr. Callera, Mr.

Cerutti and Mr. Previati are also members of the "Remuneration and Nomination Committee".

Both Committees have consultative and advisory functions, as intended in the Code of Conduct, and met regularly during 2014 and in the first quarter of 2015, as illustrated in detail in the Report on the Corporate Governance.

The Report also describes the Company's Internal Control System, whose responsibility lies with the Board of Directors, which establishes guidelines and regularly checks its suitability and effective operation, relying also on the support provided by the "Audit and Risk Committee" and the "Internal Audit" department. The Board of Directors appointed the Executive Vice President, Mr. Dario Scaffardi, as the executive director responsible for supervising the operation of the Internal Control System.

The Company has also appointed the Chief Financial Officer, Mr. Corrado Costanzo, as the director in charge of financial reporting, according to the Article 154-*bis* of the Consolidated Finance Act. Furthermore, the Company has appointed Mr. Massimo Vacca as the manager in charge of relationships with shareholders and institutional investors.

The Internal Control System forms the basis of the Company's "Code of Ethics", which sets out the principles and values adopted by Saras, with which its employees, partners and all the other people interacting with Saras must comply. Moreover, to the Internal Control System relates also the "Organisational, Management and Control Model" adopted to implement the rules on corporate administrative liability laid down in the Legislative Decree 231/2001, and which is monitored by an appropriate oversight body.

Following the adoption by Consob of the "Regulation on related-party transactions" (Resolution 17221 of 12th March 2010 – hereinafter the "Regulation"), the Board of Directors, with the approval of the "Committee for Related Party Transactions" which has been set up pursuant to the above Regulation, adopted specific procedures for related party transactions, which are available on the Company's website.

Lastly, the Report describes the contents of the internal rules for managing inside information and the creation of a register of persons with access to such information, as well as the Code of Conduct on Internal Dealing, the procedures for related party transactions, and the Code of Conduct for Saras Group's Directors, as adopted by the Company's Board of Directors.

Regulatory Framework

The most important measures in 2014 relating to energy, the environment and health and safety at work were as follows:

- Legislative Decree 192 of 31st December 2014 (the 2015 “Milleproroghe” Decree, extending the deadlines of various Government measures).

- Commission Regulation (EU) 1342/2014/EU amending annexes IV and V of Regulation 850/2004/EC on persistent organic pollutants.

- Ministerial Decree of 13th November 2014 introducing reference procedures for preparing the integrated environmental authorisation report.

- Legislative Decree 165 of 11th November 2014 amending recent regulations on the remediation and safeguarding of contaminated sites and financial measures relating to local authorities.

- Commission Decision (EU) 2014/738/EU on the conclusions relating to BATs, for the refining of mineral oil and gas pursuant to Directive 2010/75/EU.

- Law of 11th November 2014 converting into law, with amendments, the “Sblocca Italia” (Unlock Italy) Decree.

- Commission Decision (EU) 2014/768/EU establishing the type, format and frequency of information to be made available by Member States on the integrated management of oil and gas emissions from refineries.

- Law 161 of 30th October 2014 introducing provisions on noise, tenders and energy (the “European Law 2013-*bis*”).

- Legislative Decree 133 of 12th September 2014 (the “Sblocca Italia”, or Unlock Italy Decree)

introducing urgent measures for the opening of construction sites, the execution of public works and the emergency of hydro-geological instability. This decree, among other things, set out specific provisions for the prospection, exploration and production of hydrocarbons.

- Legislative Decree 91 of 24th June 2014 introducing urgent measures for the agricultural sector, environmental protection and energy efficiency in school buildings, the containment of electricity costs, and the boosting and development of businesses (the "Competitiveness" Decree).

- Legislative Decree 46 of 4th March 2014 amending Parts II, III, IV and V of Legislative Decree 152/2006. The decree, among other things, introduced new regulations on the integrated prevention and reduction of pollution.

- Directive 2014/27/EU of the European Parliament and of the Council amending Directives 92/58/EEC, 92/85/EEC, 94/33/EC and 98/24/EC on the classification, labelling and packaging of substances and mixtures.

- Law 9 of 21 February 2014, converting into law Legislative Decree 145/2013, introducing urgent provisions for the implementation of the "Destinazione Italia" (Destination Italy) plan containing measures on electricity tariffs, energy certification and remediation.

- Law 6 of 6 February 2014, converting into law Legislative Decree 136/2013, establishing urgent measures to tackle environmental and industrial emergencies.

Stock Markets Performance

2014 was a positive year for the financial markets in the United States of America and in Asia, as shown by the 12.4% progress posted by the American "Standard & Poor's 500" Index, and by the 9.7% increase achieved by the Japanese "Nikkei 225" Index. In contrast, the year did not bring satisfaction to European markets, which remained depressed by continued macro-economic weakness in the Euro zone and by the recent geopolitical concerns that worried the financial markets (the crisis between Russia and Ukraine, the attacks of ISIS in the Middle East, the civil war in Syria and Libya, the geopolitical crisis in Greece, etc.). In this context, investors preferred bond markets and safe-heaven commodities, reducing their exposure to the European stock markets.

Overall, the Spanish stock exchange had the best performance among European markets, with the "IBEX 35" Index up by 5.3%; immediately behind it, the German "Dax" Index of Frankfurt posted a +4.3% increase in the year; practically flat were the French and the Italian stock exchanges, where respectively the "CAC 40" Index gained 1.1% and the "FTSE Mib" Index was up by just 0.4%. On the contrary, the London "FTSE 100 UK" Index fell by 2.3%, and the worst performance was the one of the Greek stock exchange, where the "ASE Large Cap" Index lost 33.5%, mainly because of the internal political turbulence and the fears for a new crisis in Greece, which could potentially push the country out of the Euro currency system ("Grexit").

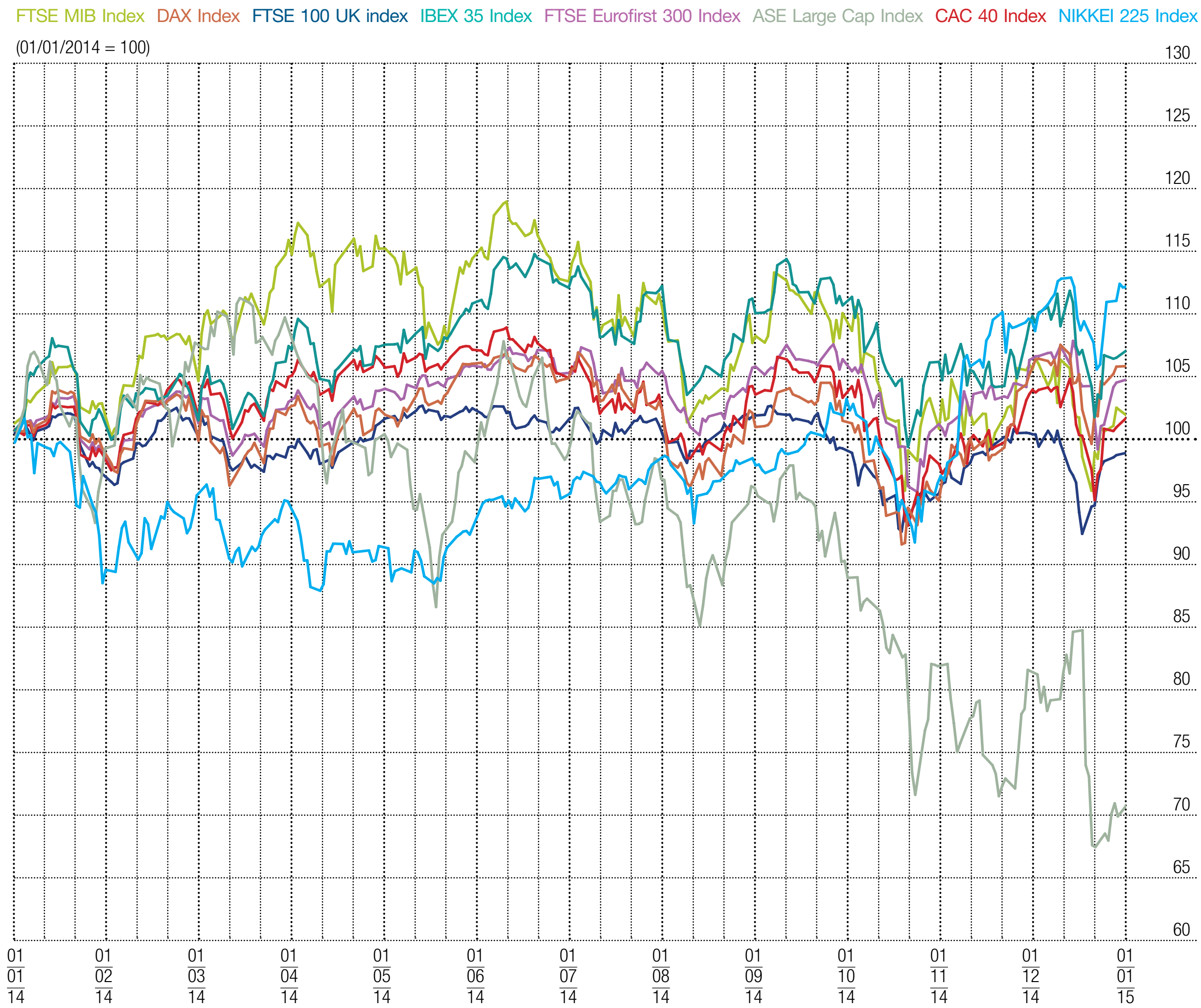
The following charts provide a visual representation of the trends for the main international stock markets during FY 2014, taking January 1st as reference point ("base 100").

In Q1/14, the stock markets remained mostly stable, thanks to the support coming from the expansive monetary policy pursued by the ECB, and from the compromise agreement reached in mid December 2013 by the EcoFin Council of the European Union, on the characteristics of the Single Resolution Mechanism (SRM) for the resolution of banks. Only marginal tensions reached the markets as a consequence of the crisis between Russia and Ukraine and signals of slow-down in the Chinese economy.

In Q2/14 and Q3/14, volatility and uncertainty dominated the markets, due to the deterioration of the conflict in Ukraine, and the advance made by the ISIS army in the Middle East. Moreover, as a response to the worsening macroeconomic international context and the increased uncertainties on the perspectives of some Euro zone countries, investors preferred to reduce their exposure to the stock markets, and reverted to safer asset classes (such as the German Bunds, whose return fell down to historical lows).

Volatility further increased in Q4/14, also because of a sharp drop in crude oil quotations and its implications on the economies of those emerging countries which produce and export crude oil. Moreover, the call for new political elections in Greece destabilised the markets even more. From the end of September, the stock indexes increased only in the USA and in Japan, where they could benefit, respectively, from the solid economic recovery and from the new expansionary policies implemented by the Bank of Japan. Quite the opposite happened for the majority of the European stock markets, which moved downwards, and the Greek stock exchange was the most heavily penalised.

Main European Stock Markets (Source: Bloomberg)



FTSE MIB Index: Index of the 40 most representative stocks traded in the Italian market

DAX Index: Index of the 100 most representative stocks traded in the German market

FTSE 100 UK Index: Index of the 100 most representative stocks traded in the English market

IBEX 35 Index: Index of the 35 most representative stocks traded in the Spanish market

FTSE Euro First 300 Index: Composite index representing the 300 largest european companies in terms of market capitalisation

ASE Large Cap Index: Index of the 25 most representative stocks traded in the Greek market

CAC 40 Index: Index of the 40 most representative stocks traded in the French market

NIKKEI 225 Index: Index of the 225 most representative stocks traded in the Japanese market

Saras Share Performance

Below are some data concerning daily prices and volumes for Saras' shares for the period going from January 1st 2014 until December 31st 2014.

SHARE PRICE (EUR)	2014
Minimum price (15/10/2014) *	0.7375
Maximum price (28/03/2014) *	1.3000
Average price	0.9754
Closing price on 30/12/2014	0.8340

* minimum and maximum prices refer to official reference prices on the closing of each trading day.

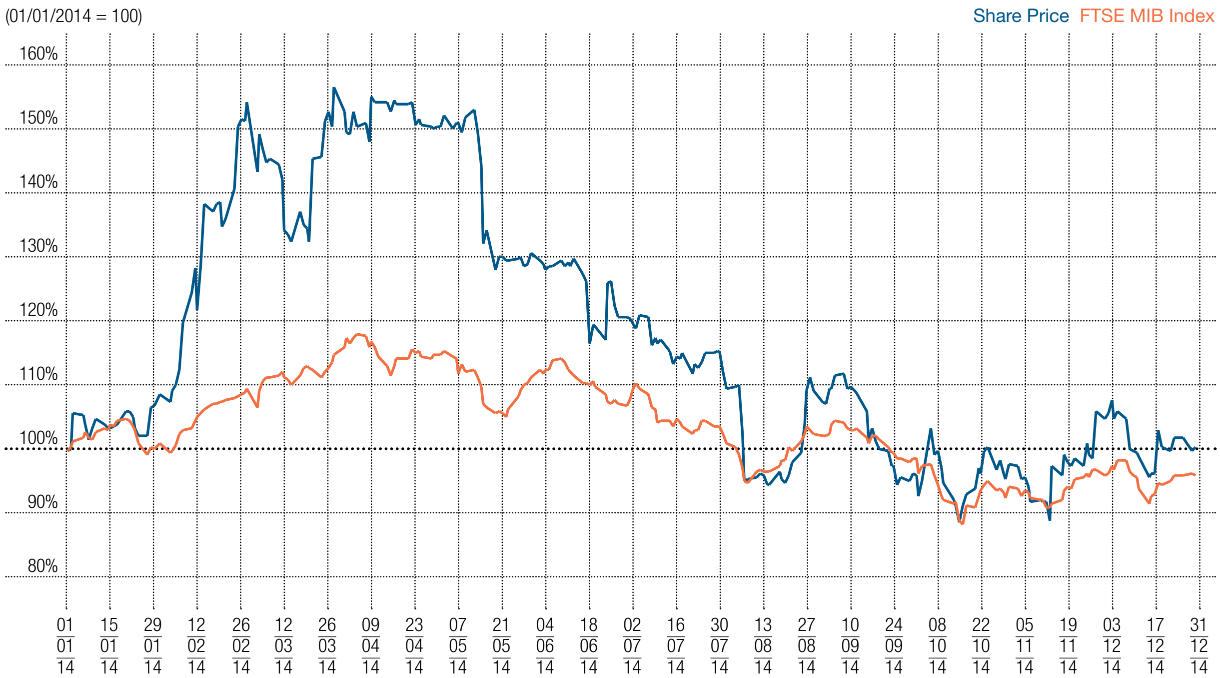
DAILY TRADING VOLUMES	2014
Maximum volume in EUR m (24/02/2014)	26.10
Maximum volume in number of shares (m) (24/02/2014)	22.31
Minimum volume in EUR m (02/09/2014)	0.24
Minimum volume in number of shares (m) (02/09/2014)	0.27
Average volume in EUR m	2.09
Average volume in number of shares (m)	2.06

As of December 31st 2014 the market capitalisation was EUR 793 million and, at the same date, the shares outstanding were approximately 926 million. Moreover, at the end of FY 2014 Saras SpA held in treasury 19,245,774 own shares, equal to 2.024% of the issued share capital. For details on the own shares held in treasury and on the share movements during the year, please refer to the Report on Operations of Saras SpA.

The following chart shows a comparison between the daily performance of Saras' share price and the FTSE Italia Mid Cap Index of the Italian stock exchange in Milan.

The Saras share started the year 2014 with a unit price equal to EUR 0.831 on January 1st, and immediately started a strong ascending path, driven by speculation concerning the possibility that Rosneft could raise its percentage of ownership in Saras' share capital.

Already by the middle of February, the shares increased their value by more than 30%, largely over-performing the index of the Mid Cap companies traded in the Italian Stock Exchange (the so called "FTSE Italia Mid Cap" Index). The upwards trend of Saras shares continued until mid May, reaching a peak value at EUR 1.30 per share on March 28th, up by more than 56% on their unit price at the beginning of the year. At the same



date, the FTSE Italia Mid Cap Index was only 14% higher than its initial value on January 1st.

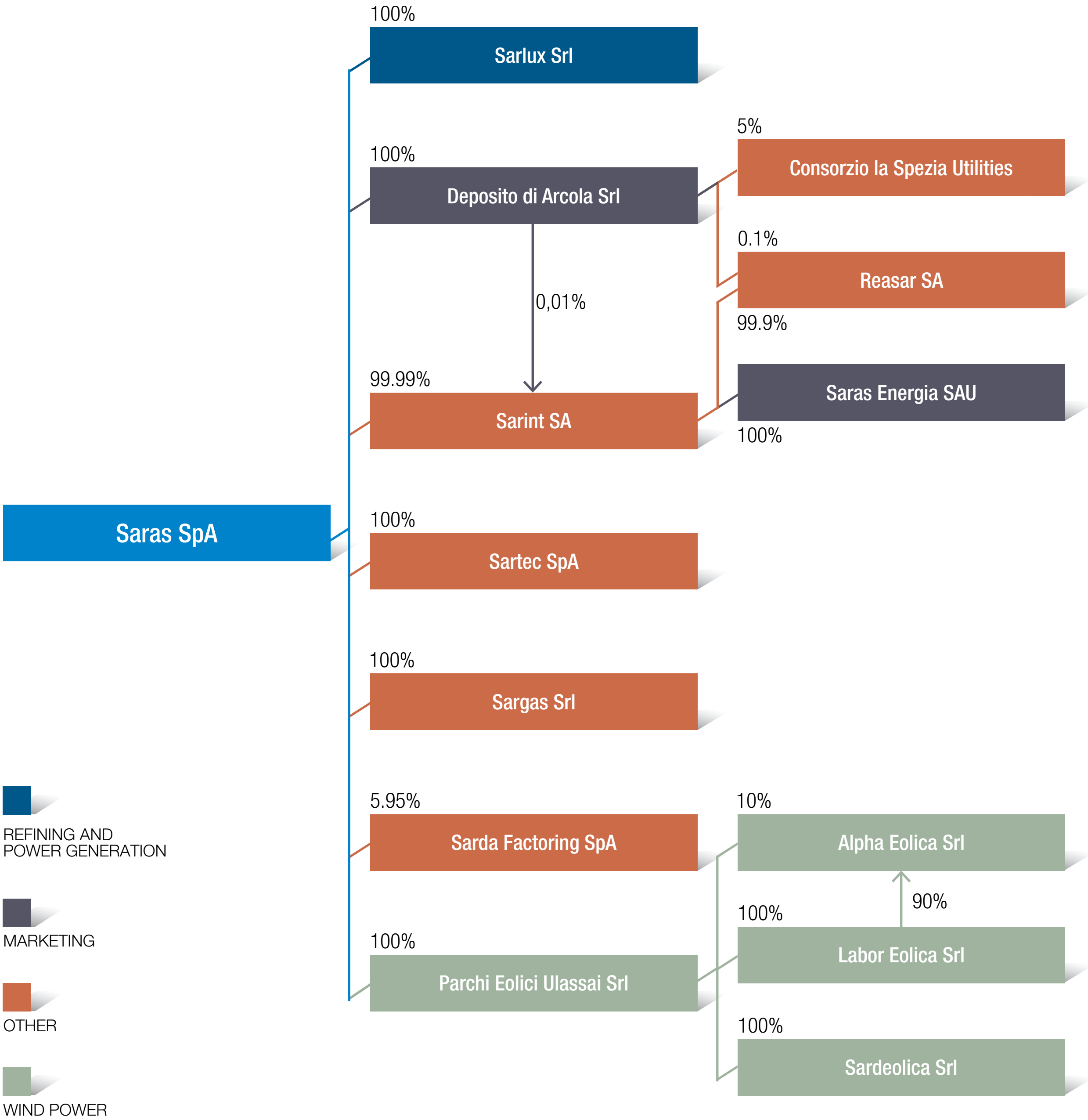
However, in mid May the trend changed and Saras shares began a progressive decline which, in approximately three months, brought the unit price back in line with the FTSE Italia Mid Cap Index. This happened essentially because of two reasons: on the one hand, the previous rumours and speculation started to fade away; on the other hand, the gloomy context for the European refining sector, with continuous intensification of international competition, excess production capacity, and weak demand for oil products in the countries of the Euro zone.

Subsequently, from the middle of August until the end of the year, Saras shares moved in parallel with the FTSE Italia Mid Cap Index, remaining range-bound between EUR 0.75 and 0.95 per share. The last months of the year were nonetheless characterised by renewed interest from the investors' community, due to the sharp drop in oil price quotations, and the resulting rebound in refining margins.

The year closed with Saras share price at EUR 0.834, basically in line with the unit price at the beginning of the year. Conversely, the FTSE Italia Mid Cap Index closed the year down by 4%.

Structure of the Saras Group

Here below the complete structure of the Saras Group and its various business segments, with the companies involved in each segment as of 31st December 2014.



Registered offices of consolidated companies

Saras SpA
SS. Sulcitana 195, Km 19
09018 Sarroch – Cagliari

Sarlux Srl
SS. Sulcitana 195, Km 19
09018 Sarroch - Cagliari

Deposito di Arcola Srl
Via XXV Aprile 18
19021 Arcola - La Spezia

Reasar SA
6B, route de Trèves
2633 Luxembourg (Senningerberg)
Luxembourg

Sarint SA
23, rue Beaumont
1219 Luxembourg
Luxembourg

Saras Enegia SAU
Plaza de Carlos Trías Bertrán nº 4 -2ª Planta
28020 Madrid
Spain

Sartec SpA
Traversa Seconda Strada Est
Zona Industriale Macchiareddu
09032 Assemini – Cagliari

Sargas Srl
Sesta Strada Ovest - Z.I. Macchiareddu
09010 Uta - Cagliari

Alpha Eolica Srl
Blvd Ficusului, 44A
Sector 1 - Bucarest
Romania

Labor Eolica Srl
Blvd Ficusului, 44A
Sector 1 - Bucarest
Romania

Parchi Eolici Ulassai Srl
Via Roma 149
09100 Cagliari

Sardeolica Srl
Sesta strada ovest Z.I. - Macchiareddu
09010 Uta – Cagliari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Comment to Saras Group Results

Below are key consolidated financial figures for the year, shown in comparison with the data related to the previous year. In order to give a better presentation of the Group's operating performance, and in line with the standard practice in the oil industry, the Operating Results (EBITDA and EBIT) and the Net Result are provided also with an evaluation of oil inventories based on the LIFO method (instead of the FIFO method used in the Financial Statements prepared in compliance with IFRS). The LIFO method does not include revaluations and write-downs and matches the most recent costs to the most recent revenues, thus providing a clearer picture of current operating profitability. Furthermore, for the same reason, non-recurring items and changes in derivatives' fair values are deducted both from the Operating Results and from the Net Result. Operating Results and Net Result calculated as above are called respectively "comparable" and "adjusted", and they are not subject to audit review.

SARAS GROUP CONSOLIDATED FINANCIAL FIGURES:		
EUR Million	**2014**	**2013**
REVENUES	**10,272**	**11,230**
EBITDA	(237.0)	71.7
Comparable EBITDA	**117.0**	**115.5**
EBIT	(284.4)	(354.2)
Comparable EBIT	**(83.9)**	**(77.9)**
NET RESULT	(261.8)	(271.1)
Adjusted NET RESULT	**(83.6)**	**(84.1)**
NET FINANCIAL POSITION	**108**	**(8)**
CAPEX	**136.3**	**109.6**

Comments to full year 2014 Group results

Group Revenues in FY 2014 were EUR 10,272 m, down approx. 9% versus FY 2013. This change is primarily due to the lower revenues generated by the Refining segment (down by approx. EUR 768 m) and by the Marketing segment (down by approx. EUR 234 m), due to the steep decrease in oil prices. More precisely, gasoline quotations had an average of 904 $/ton in FY 2014 (versus 982 $/ton in FY 2013), and diesel quotations stood at an average of 849 $/ton (versus 930 $/ton in FY 2013). Moreover, revenues generated by the Refining segment were influenced also by the slightly fewer runs in the Sarroch refinery, *vis-a-vis* the refinery runs in FY 2013. Conversely, revenues from the Power Generation segment increased by approx. EUR 43 m in FY 2014, thanks to higher production and sale of electricity.

Group reported EBITDA in FY 2014 was EUR -237.0 m, sharply down versus EUR 71.7 m in FY 2013. The difference is almost entirely due to the Refining and Marketing segments, which suffered from a large write-down of their oil inventories, as a consequence of the drop in prices of crude oil and refined products, during the second half of the year. On the other hand, the *reported* EBITDA of the Refining segment benefited from a positive one-off payment in FY 2014, overall equal to approx. EUR 50 m, received for the acquisition of Versalis' business in Sarroch and the reorganisation which was concurrently carried out. Moreover, also the Power Generation segment gave a positive contribution to 2014 Group result, with its divisional EBITDA approx. EUR 58 m higher than in FY 2013, mainly because of the revision of the future scenarios used in the straight-line reporting procedure.

Group reported Net Result stood at EUR -261.8 m, up versus EUR -271.1 m in FY 2013. Indeed, notwithstanding the lower EBITDA in FY 2014 for the reasons described in the previous paragraph, it should be noted that FY 2013 results were heavily penalised by the write-off of the CIP6/92 contract in Q2/13 (worth approx. EUR 232 m pre-tax), as a consequence of Decree Law 69/2013. On the contrary, the FY 2014 reported Net Result includes a reversal of the write-off of the above mentioned CIP6/92 contract in Q4/14 (worth EUR 180 m pre-tax), due to the adoption of new future scenarios for the prices of gas and crude oil, which have been revised following the important market changes occurred in the second half of the year. Moreover, in Q4/14 there was also a write-off (approx. EUR 23 m pre-tax) of the work-in-progress of the "Steam Reformer" unit, whose construction will no longer be needed, thanks to the acquisition of the Versalis unit in Sarroch.

Moving to the analysis of "Financial Charges and Income" (which include the net FOREX result and the result of the derivative instruments used for hedging purposes), it can be observed that in FY 2014 there was a net income of EUR 22.6 m, while in FY 2013 there were net charges equal to EUR 29.4 m. This difference in the two years under comparison can be primarily attributed to the result of the derivative instruments used for hedging purposes, and to their change in fair value, which have been both positive in FY 2014.

Finally, the tax charge in FY 2014 is penalised by the write-off of "Tax assets" for approx. EUR 55 m in Q4/14, following the declaration of unconstitutionality of the so called "Robin Tax" by the Italian Constitutional Court on February 11th 2015. Similarly, it should be remembered that, also in FY 2013 the tax charge was penalised by the write-off of "Tax assets", for approx. EUR 20 m in Q4/13, following a reduction of the applicable rate of the "Robin Tax" from 10.5% to 6.5%.

Group comparable EBITDA amounted to EUR 117.0 m in FY 2014, in line with the EUR 115.5 m achieved in FY 2013. As previously commented, the Power Generation segment gave an important positive contribution to the Group results in FY 2014, off-setting entirely the weaker results of the Refining segment and of the Marketing segment, which operated under penalising market conditions, characterised by shrinking demand for oil products and thin margins for most of the year. Moreover, the results of the Refining segment were also affected by a particularly heavy "five-year maintenance cycle", carried out during the second half of the year.

Group adjusted Net Result stood at EUR -83.6 m, practically in line with the Group adjusted Net Result of EUR -84.1 m in FY 2013, mainly as a combination of the effects previously described.

As previously explained, "reported" figures differ from "comparable" and "adjusted" figures primarily because of the different methods used to evaluate the inventories, as well as for the changes in the fair value of the derivative instruments, and for the non-recurring items. The relevance of the various items in FY 2014 is shown in the dedicated tables.

DETAILS ON THE CALCULATION OF THE COMPARABLE EBITDA

EUR Million	**2014**	**2013**
Reported EBITDA	**(237.0)**	**71.7**
Inventories at LIFO – inventories at FIFO	404.7	67.4
Non-recurring items	(50.7)	(23.6)
Comparable EBITDA	**117.0**	**115.5**

DETAILS ON THE CALCULATION OF THE ADJUSTED NET RESULT

EUR Million	**2014**	**2013**
Reported NET RESULT	**(261.8)**	**(271.1)**
(Inventories at LIFO – inventories at FIFO) net of taxes	293.8	43.4
Non-recurring items net of taxes	(85.7)	148.3
Change in derivatives fair value net of taxes	(29.9)	(4.7)
Adjusted NET RESULT	**(83.6)**	**(84.1)**

In FY 2014 "Non-recurring items" mainly includes the positive contribution coming from the acquisition of the Versalis business in Sarroch, recorded in Q4/14.

In FY 2014 "Non-recurring items net of taxes" includes primarily the positive contributions due to the reversal of the write-off of the CIP6/92 contract (EUR +124.3 m) and to the acquisition of the Versalis business in Sarroch (EUR +36.7 m), and the negative contributions due to the write-off of work in progress for the "Steam Reformer" unit (EUR -16.5 m) and to the write-off of deferred tax assets (EUR -55.4 m). All of the above items were posted in Q4/14.

Conversely, in FY 2013 "Non-recurring items net of taxes" mainly includes the write-off of the CIP6/92 contract (EUR -143.8 m) which took place in Q2/13, and the write-off of deferred tax assets (EUR -20.1 m) in Q4/13.

CAPEX in FY 2014 was EUR 136.3 m, in line with the investment programme, and primarily dedicated to the Refining segment (EUR 124.9 m). In particular, between September and October, the five-year turnaround of the Fluid Catalytic Cracking unit (FCC), and of its two main ancillary units, the Alkylation unit (Alky) and the Etherification unit (TAME), was completed.

Net Financial Position

The Net Financial Position at 31st December 2014 was a surplus of EUR +108 m, a remarkable improvement of the net financial deficit at the beginning of the year (EUR -8 m), mainly thanks to a large reduction in working capital, primarily due to the sharp drop in oil prices.

Moreover, during the year, the self-financing stemming from depreciation more than offset the CAPEX which was carried out in accordance with 2014 scheduled maintenance programme. Finally, it should be noted that some payments for crude oil are still outstanding, due to the oil embargo declared by the European Union against Iran, since July 2012.

The following table illustrates the Group's Net Financial Position in detail:

EUR Million	31/12/2014	31/12/2013
Medium/long term bank loans	(103)	(137)
Bonds	(174)	(249)
Other medium/long term financial activities	6	6
Long term Net Financial Position	**(271)**	**(380)**
Short terms bonds	(250)	
Short-term bank loans	(32)	(39)
Payables to banks for overdrafts on current accounts	(69)	(110)
Other short-term financial liabilities	(10)	(11)
Net derivatives Fair value	76	(8)
Other financial assets held for trading	40	21
Cash and cash equivalents	634	507
Warranty deposits for derivative instruments	(10)	11
Short term Net Financial Position	**379**	**372**
Net Financial Position	**108**	**(8)**

Segment Review

Within the corporate reorganisation project approved by the Board of Directors of Saras SpA in January 2013, all the refining activities held by Saras SpA have been transferred to the subsidiary Sarlux Srl with a contribution in kind, effective from 1st July 2013, in order to concentrate in a single company all the activities carried out in the Sarroch industrial site, achieving higher organisational and operational efficiencies.

Moreover, effective from 1st October 2014, Saras SpA's wholly owned subsidiary Arcola Petrolifera Srl was merged into the Company. In order to provide a consistent presentation of the results for each individual business of the Saras Group, and considering that the methods adopted by the Group's management for monitoring and managing the activities have not changed, it has been decided to calculate and report the financial information according to the same business segments which have always been used in all the previous Financial Reports, including also the intercompany services which ceased to exist as a consequence of the above-mentioned contribution in kind, using the same economic conditions applied in the previously existing contracts.

Refining

Market

The oil markets were characterized by extremely different conditions between the first and the second half of the year 2014. In particular, during the first semester, geopolitical tensions in various oil producing countries drove crude oil prices, and Brent Dated remained within the range 105 – 115 $/bl. However, starting in July, oil prices began a progressive and relentless decline, with Brent Dated dropping to just 55 $/bl at year-end, more than 50% lower than the level where it stood in the middle of the year. This deep change in the market was due primarily to the strong unbalance between stagnating global demand for refined products and constantly growing production of crude oil, especially in North America (tight oil from shale formations in the USA and tar sands in Canada). In such a context, the decline in crude oil quotations became even steeper at the end of November, following OPEC's decision not to cut the production quotas of its members, and to assign to the free market the job to rebalance itself, by making productions with higher costs progressively unsustainable. Overall, the average price of Brent Dated in 2014 stood at 98.8 $/bl, down approximately 10 $/bl versus the previous year.

Yearly Average Values [1]	2014	2013
Crude Oil ($/bl)		
Price of Brent Dated (FOB Med)	98.8	108.6
Price of Urals (CIF Med)	97.8	108.0
"Heavy-Light" price differential	-1.0	-0.6
Prices of Refined Products ($/ton)		
Ultra-low sulphur diesel (ULSD)	849.1	930.4
Gasoline 10ppm	904.2	981.5
High sulphur fuel oil (HSFO)	525.2	587.7
Crack spreads for refined products ($/bl)		
Ultra-low sulphur diesel (ULSD)	15.0	16.4
Gasoline 10ppm	9.5	8.9
High sulphur fuel oil (HSFO)	-15.5	-15.4
Other profitability indicators		
EMC Benchmark margin ($/bl)	-0.5	-1.2
USD/EUR forex	1.329	1.328

1. Sources: "Platts" for prices and crack spreads, and "**EMC**" for the benchmark refining margin called "EMC Benchmark"

Note: "Brent Dated" is the light sweet benchmark crude oil (Platts' FOB Med quotations), while "**Urals**" is the heavy sour benchmark crude oil (Platts' CIF Med quotations)

Here below is a detailed analysis of the trends followed by crude oil and refined products prices, as well as the benchmark refining margin (EMC Benchmark) in Europe, which is the most relevant for the geographical context in which the Saras Group's refining segment conducts its operations.

Crude oil prices (source Platts):

In Q1/14 Brent Dated quotations remained confined within a narrow range comprised between 105 and 110 $/bl, and the average for the period stood at 108.2 $/bl. This substantial stability derived from the balance between bullish factors driving oil prices (such as the Libyan crisis), and bearish factors (such as the reduction in crude oil demand during the traditional spring maintenance activities in various refineries).

Later, in Q2/14, Brent Dated quotations climbed, setting an average of 109.7 $/bl (+1.5 $/bl versus the previous quarter), following worsening geopolitical tensions in many that are critical areas for the production and supply of crude oil to Europe: in particular, the outbreak of civil war in Iraq, the attacks of separatist rebels in Ukraine (and the subsequent sanctions of the European Union against Russia), and also the numerous conflicts in Libya, which created discontinuities in the export flows of Libyan crude oil.

Subsequently, in Q3/14 crude oil prices progressively declined, bringing the quarterly average down to 101.9 $/bl. Behind this trend, on one hand, the weakness of global economic growth and consumption of oil products; on the other hand, constantly growing production of US tight oil and faster than expected restart in Libyan crude oil exports. Excess supply of crude oil versus consumption pushed Brent Dated well below the psychological threshold of 100 $/bl, and the quarter closed at 94.8 $/bl on 30th September.

Crude oil quotations slid even more steeply during Q4/14, shedding approx. 40 $/bl. Brent Dated closed at 55.0 $/bl on December 31st, with the quarterly average standing at 76.0 $/bl. In a largely oversupplied market, prices collapsed when the OPEC cartel, led by Saudi Arabia, decided not to cut their production quotas during the meeting held on November 27th. Further bearish movements followed the agreement, reached on December 2nd, between Bagdad and the Kurdish Regional Government with regards to the exploitation rights of the crude oil fields, located in the Northern regions of Iraq. Indeed, according to the agreement, exports of Kirkuk crude oil shall increase by approx. 300 kbl/day in the near future, further increasing the imbalance between demand and supply.

Crack spreads of gasoline and ULSD (i.e. difference between the value of the product and the cost of the crude)

During Q1/14, the gasoline crack spread progressively increased, posting a quarterly average equal to 6.9 $/bl. Such robust performance came as a consequence of growing demand in the Persian Gulf region, and also in Central America and in the United States. Towards the end of the quarter, the gasoline crack spread got a further boost due to the switch to summer grades, which are notoriously more challenging.

Later, in April, the gasoline crack spread peaked at around 15 $/bl, thanks to healthy demand in North Africa and Turkey, but also in the Persian Gulf and in West Africa, right at the same time when various European refineries were in the midst of their maintenance activities. Finally, in the remaining part of Q2/14, spring maintenance ended in Europe and production increased also in the USA, cooling down the gasoline market, hence the crack spread stabilised at around 10 $/bl. The quarterly average settled at 11.1 $/bl in Q2/14.

Subsequently, in Q3/14 the gasoline crack spread had quite a volatile trend: during the month of July and the first half of August the crack spread went down, because the effects of sluggish demand prevailed over the decline of crude oil prices. However, during the second half of August, unexpected maintenance in some US refineries contributed to re-open the arbitrage towards the USA, and the gasoline crack spread posted a good recovery. As such, Q3/14 average for the crack spread stood at 11.9 $/bl.

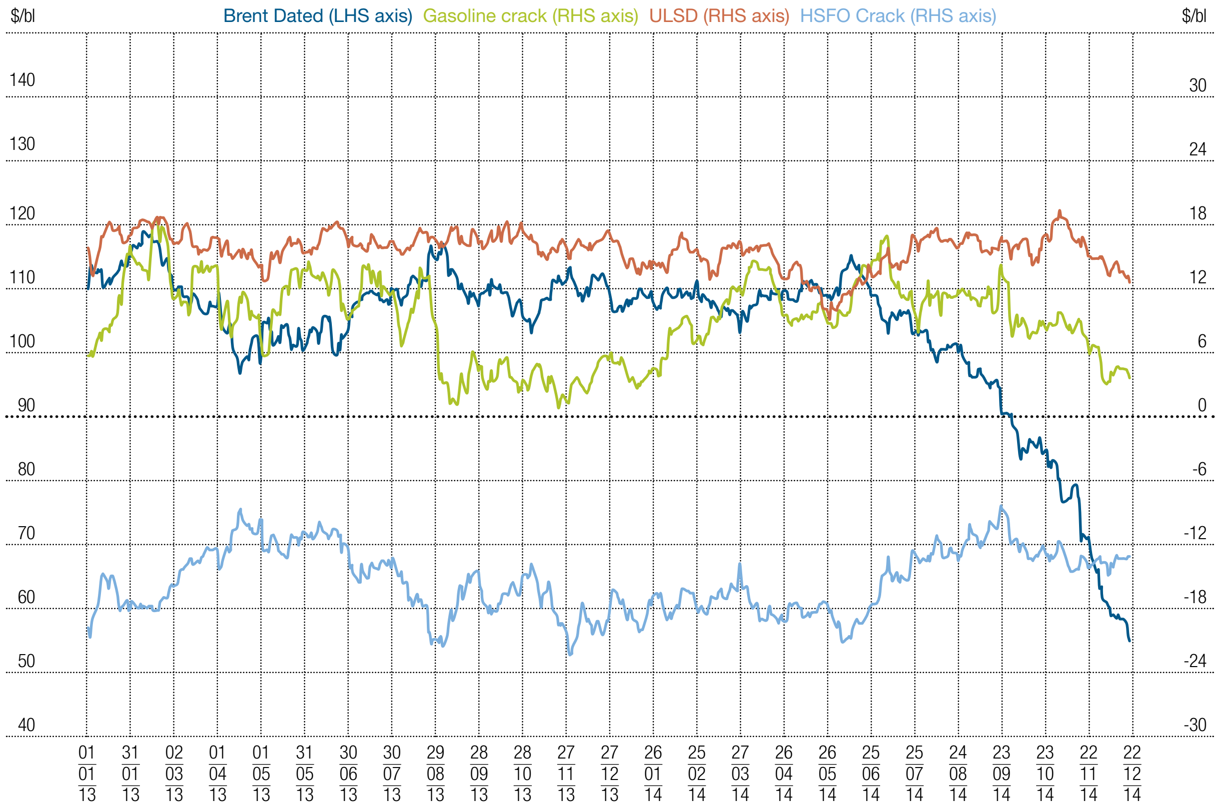
Finally, notwithstanding the remarkable drop in crude oil quotations, the gasoline crack spread progressively weakened during Q4/14, closing the year at just 3.7 $/bl, with a quarterly average at 7.7 $/bl. Among the main reasons for this trend were sluggish demand for transportation fuels in Europe and the switch to winter specs.

Moving with the analysis to the complex of the middle distillates, the diesel crack spread remained at a reasonable level in Q1/14, even without the traditional support from heating oil consumption, which failed to materialise due to mild winter weather. Conversely, consumption of automotive gasoil ultra-low sulphur diesel (ULSD) strengthened globally, Europe included, thanks to signals of economic recovery. Overall, the ULSD crack spread posted an average of 15.0 $/bl in Q1/14.

Nonetheless, in Q2/14 the ULSD crack spread moved downwards, setting an average of 13.3 $/bl. The weak performance came as a consequence of the conclusion of refinery maintenance activities, and the simultaneous increase in gasoil imports, both in the Mediterranean Sea and in North-East Europe, coming from the USA and Russia.

In the first part of Q3/14, the ULSD *crack spread* continued to be under

2013-2014: Brent DTD, Gasoline and ULSD/HSFO crack spreads vs. Brent (Source: Platts)



Crack spread: price differential between a refined oil product (e.g. gasoline or diesel) and the benchmark crude oil (e.g. Brent DTD)

pressure, at approx. 14 $/bl, due to persistent stagnation of consumption in most of the Euro Zone. In August, however, the previously discussed fall in crude oil prices led to remarkable improvements of the *crack spread*, which reached a peak of 17.7 $/bl on 19th August. Support came also from the increased travels during summer holidays, and the decreased export-flows of Russian gasoil to Europe. Consequently, the average of the ULSD crack spread stood at 15.8 $/bl in Q3/14, up by approx. 20% versus previous quarter.

Finally, the collapse of crude oil prices during Q4/14, allowed the ULSD *crack spread* to reconfirm the same average of the previous quarter (15.8 $/bl). Nonetheless, expectations were disregarded for even higher values, as typically happens during autumn. Indeed, this year temperatures were above seasonal averages. Hence, demand for heating gasoil remained subdued. At the same time, demand for transportation fuels, including ULSD, was also limited, due to difficult macroeconomic conditions.

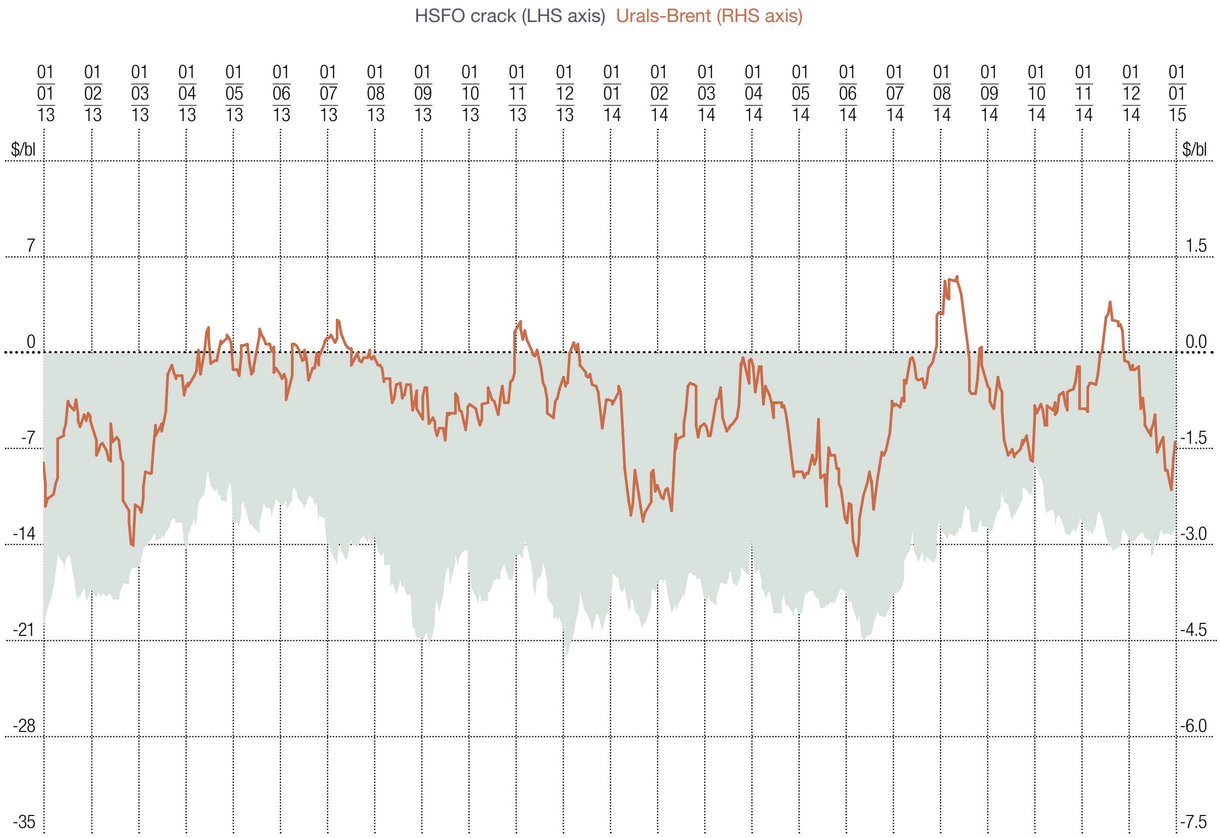
Price differential between "heavy" and "light" crude oils (Urals vs. Brent):

During Q1/14 the "heavy-light" crude oil price differential was quite volatile, with the quarterly average at -1.4 $/bl. In general, the shut-down of Libyan crude oil exports (light sweet grades) acted as a support to the "light crude complex", especially in the first part of the quarter. Subsequently, the contraction of Urals' volumes assigned for export, both from the Black Sea ports and also from the terminals in Northern Europe, heated up the "heavy crude complex", and the differential was gradually squeezed, closing the quarter almost at zero.

In Q2/14, the differential remained under pressure for almost the entire month of April, once again due to the scarce export volumes of Urals heading to European refineries (approx. 500kb/d less than in the same period of last year). However, starting with May, the differential progressively widened, driven by increased buying interest for light crude oils, on the back of healthy gasoline *crack spreads*, and also because of reduced availability of light grades from the North Sea, where a number of oil fields had to be shut for maintenance. Towards the end of the quarter, the differential closed again, following the announcement of "June loading programme" of Urals from Novorossiysk, which turned out to be the tightest in the past seven years. Overall, the "heavy-light" crude oil price differential set an average of -1.6 $/bl in Q2/14.

Subsequently, in Q3/14 the "heavy-light" differential was squeezed again, mainly because of the abundant volumes of light sweet grades of West African origin, and the rapid production ramp-up of

“Urals – Brent DTD” price differential and High Sulphur Fuel Oil (HSFO) crack spread (Source: Platts)



various Libyan oil fields. Between the end of July and the first weeks of August, Urals crude oil actually moved to a premium over Brent. Only later, the differential started to widen again, also due to the quick rebound of refining margins, which began in September. Therefore, the quarterly average of the “heavy-light” differential settled at -0.4 $/bl in Q3/14.

Finally, also in Q4/14 the “heavy-light” differential had a volatile trend. In particular, between October and November, the differential felt the pressure exerted by Urals crude oil, which increased its relative value versus Brent, notwithstanding the general decline of oil prices. Indeed, Russian producers chose to reduce their export programmes until the end of 2014, in order to reap the highest benefits from a new fiscal regulation due to come into force as of January 2015 with significant reductions in crude oil export duties. Finally, in December, the “heavy-light” price differential widened again, as a consequence of the scarcity of Libyan crude oils, and the simultaneous increase of heavy sour crudes of Iraqi origin (Kirkuk). For all of the above, the average of the differential stood at -0.6 $/bl in Q4/14.

Refining margin

Moving to the profitability analysis of the refining industry, Saras has traditionally used, as benchmark, the refining margin calculated by EMC (Energy Market Consultants) for a mid-complexity coastal refinery, located in the Mediterranean Sea, which processes a feedstock made of 50% Brent and 50% Urals crude oils.

The above mentioned EMC Benchmark margin has been continuously negative for more than one year, from Q2/13 until Q2/14 included, reaching its historical quarterly minimum in Q4/13 (with an average of -2.6 $/bl), because of the unfavourable macroeconomic environment, which continued to weigh on demand for refined oil products, while at the same time numerous geopolitical tensions kept crude oil prices at high levels. Subsequently, during 2014 the EMC Benchmark margin posted a progressive recovery and its average settled at -1.9 $/bl in Q1/14, -1.5 $/bl in Q2/14, +0.3 $/bl in Q3/14, and finally it reached +0.9 $/bl in Q4/14. This improvement was mainly due to the decrease in crude oil prices, for the reasons which were previously illustrated.

Main operating results

Refinery runs in 2014 stood at 12.43 m tons (90.7 million barrels, corresponding to 249 thousand barrels per calendar day), down 4% versus the refinery runs in the previous year. This can be explained both with the difference in maintenance activities carried out in the two periods under comparison, and also with the decision, for economic reasons, to cut refinery runs which took place during the first half of 2014.

The crude mix processed by the Sarroch refinery in FY 2014 had an average density of 32.0°API, fundamentally in line with the mix processed in FY 2013. However, when looking in detail at the various crude grades used in the feedstock, a strong reduction can be noted (-11%) in the percentage of light crude oils with extremely low sulphur content ("light extra sweet"), with a corresponding increase (+8%) in the percentage of the heavy crude oils and of "straight run" residues. This change in the feedstock mix was mainly due to the shortage of Libyan crude oil, for various prolonged periods during 2014, but also to the important maintenance activities carried out in 2014, and to some economic and commercial choices.

REFINERY RUNS	2014	2013	%
Thousand tons	12,430	12,980	-4%
Million barrels	90.7	94.8	-4%
Thousand barrels/day	249	260	-4%

Moving on to the product slate, it can be observed that in FY 2014 the yield in middle distillates (54.1%) was very high, and actually higher than the already impressive yield (53.6%) achieved in FY 2013. On the contrary, the yield in light distillates slightly decreased (26.8% versus 27.4% in FY 2013) due to the important five-year turnaround of the Fluid Catalytic Cracking unit (FCC), which was carried out during the months of September and October 2014. Moreover, an increase in the TAR yield can be observed (9.2%) as a consequence of the heavier crude slate, and a decrease in the LPG yield (1.2%), which in 2013 was unusually high (2.1%), owing to the maintenance activities carried out on the Alkylation unit (Alky). Overall, the cumulative yield of high value added products (i.e. middle distillates, light distillates and LPG) stood at 82.0% in FY 2014, which represents an excellent performance within the European competitive context.

CRUDE OIL BY GRADE		2014	2013
Light extra sweet		34%	45%
Light sweet		8%	2%
Medium sweet/extra sweet		3%	2%
Medium sour		22%	26%
Heavy sour/sweet		33%	25%
Average Density	°API	32.0	32.3

CRUDE OIL BY ORIGIN	2014	2013
North Africa	22%	28%
North Sea	3%	3%
Middle East	11%	6%
Russia and Caspian region	37%	54%
Others	27%	9%

PRODUCTION		2014	2013
GPL	Thousand tons	146	267
	Yield (%)	1.2%	2.1%
NAPHTHA + GASOLINE	Thousand tons	3,328	3,558
	Yield (%)	26.8%	27.4%
MIDDLE DISTILLATES	Thousand tons	6,725	6,959
	Yield (%)	54.1%	53.6%
FUEL OIL & OTHERS	Thousand tons	377	304
	Yield (%)	3.0%	2.3%
TAR	Thousand tons	1,149	1,123
	Yield (%)	9.2%	8.6%

Note: Balance to 100% is "Consumption & Losses"

EUR Million		2014	2013	%
EBITDA		(496.3)	(153.6)	-223%
Comparable EBITDA		**(162.1)**	**(127.5)**	**-27%**
EBIT		(640.7)	(261.0)	-145%
Comparable EBIT		**(283.8)**	**(234.9)**	**-21%**
CAPEX		**124.9**	**87.1**	
EXCHAGE RATE (EUR/USD)	**EUR/USD**	**1.329**	**1.328**	**0%**

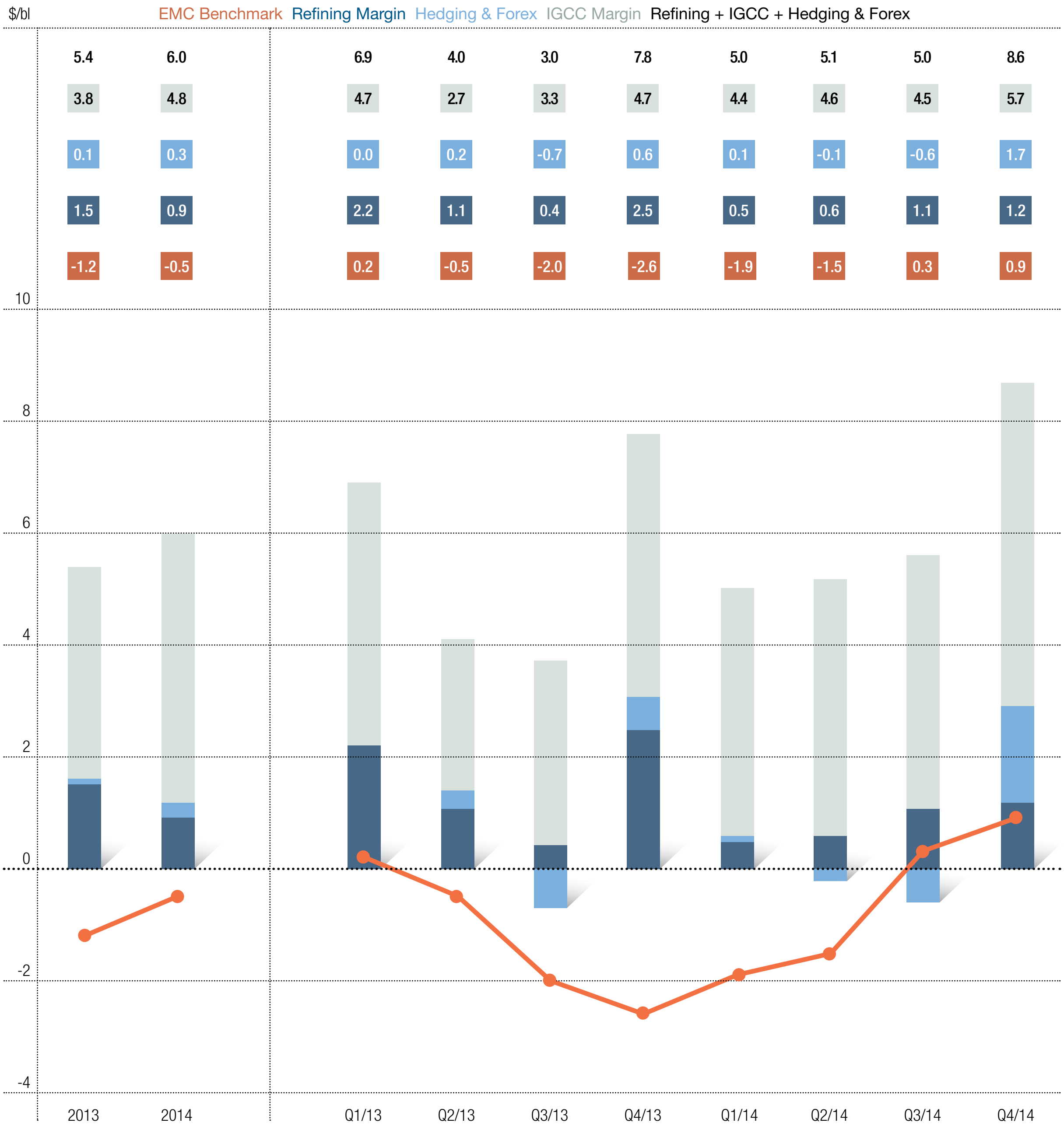
Main financial results

Comparable EBITDA was EUR -162.1 m, down versus EUR -127.5 m in FY 2013. This difference is due the lower refinery runs (-4%) mentioned in the previous paragraph, to the higher impact on EBITDA of the scheduled maintenance activities (approx. EUR 68 m in FY 2014, versus approx. EUR 29 m in FY 2013), and also to the poor market conditions during the first half of 2014, which were only partially offset by the rebound in the refining margins during the second half of the year: on average, the EMC Benchmark margin stood at -0.5 $/bl in FY 2014. Conversely, in 2013 refining margins had the opposite trend, standing close to break-even during the first half of the year, and sharply deteriorating in the second half of the year (with the yearly average of the EMC Benchmark at -1.2 $/bl in FY 2013).

However, from a practical standpoint, the performance of the Refining segment in FY 2014 was significantly better than what appears when considering only the EBITDA. Indeed, the result of FY 2014 should also take into account net gains for approx. EUR 22 m (formally included within the "Financial Income/Expense"), which relate to hedging transactions on crude oil, refined products and Forex. Such operations are standard practice in trading activities hence, in all respects, they contribute to the result from ordinary operations.

The following chart shows in detail the evolution of the Saras Group's refinery margin in FY 2013 and FY 2014, both as yearly and as quarterly averages. It can be noted that, thanks to the flexibility and complexity of its industrial units, Sarroch's refinery margin is constantly higher than the EMC Benchmark margin. Obviously, the premium over the Benchmark varies from quarter to quarter, according to the specific market conditions and the operating performance of the refinery. Finally, it can be noted that the contribution coming from the hedging transactions on crude oil, refined products and Forex, is particularly robust in the quarters characterised by extreme changes in oil prices.

Saras Group: Refining Margins 2013 - 2014



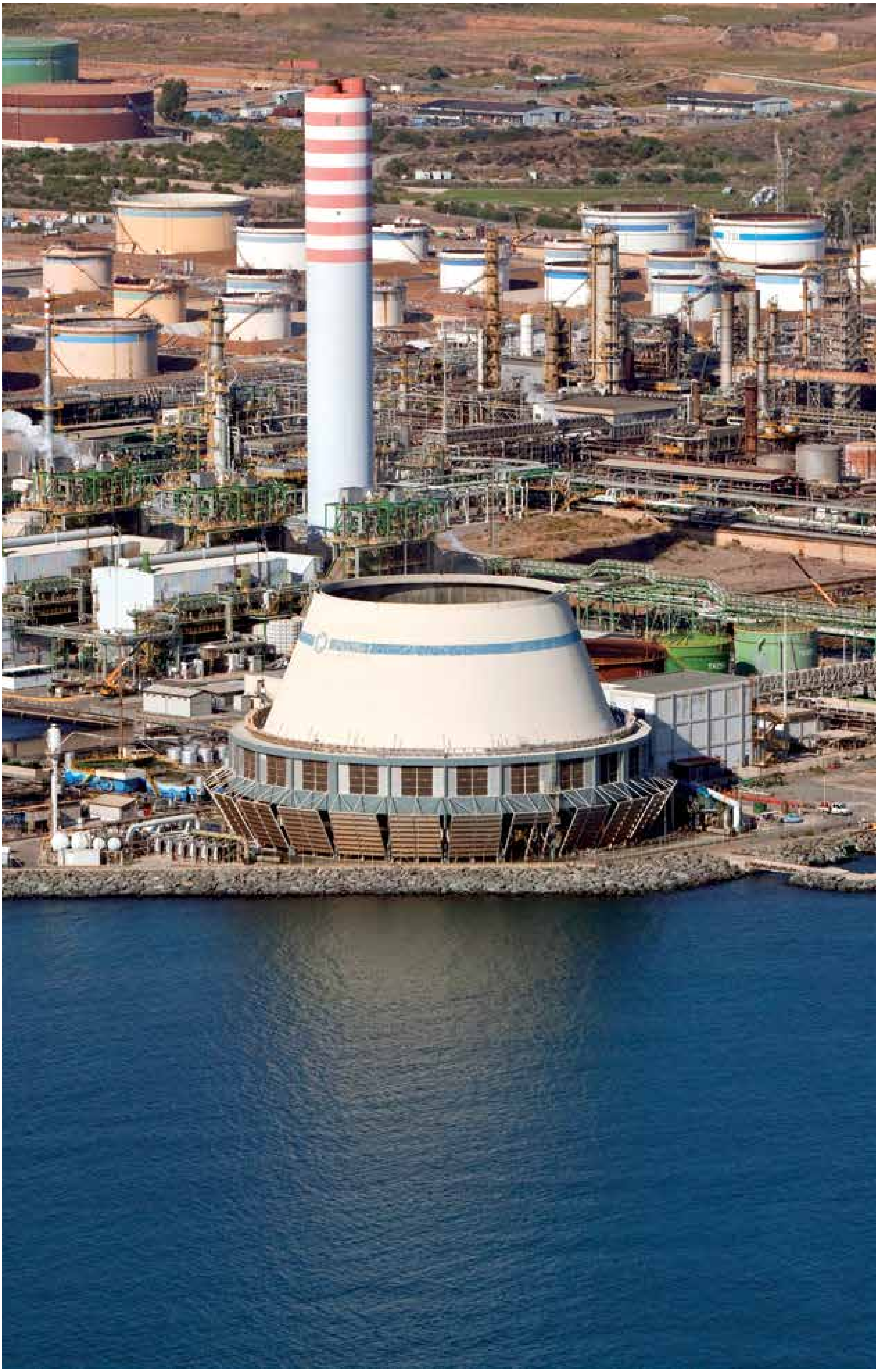
Refining Margin: (comparable EBITDA Refining + Fixed Costs) / Refinery runs in the period

IGCC Margin: (EBITDA IGCC plant + Fixed Costs) / Refinery runs in the period

EMC Benchmark Margin: refining margin calculated by EMC (Energy Market Consultants), with crude slate 50% Urals and 50% Brent

Moving to the analysis of the exchange rate EUR/USD, it can be noted that this element had a negligible influence in the comparison between the years 2013 and 2014, because its average was broadly the same in the two years (1.329 US Dollars for 1 Euro in FY 2014, versus 1.328 US Dollars for 1 Euro in FY 2013). The analysis of the exchange rate is generally important because the refining business pays fixed and variable costs in euros, while it earns a gross margin in US dollars.

Finally, refining CAPEX in FY 2014 was EUR 124.9 m, in line with the programme for the year, which included an important maintenance cycle, between the third and the fourth quarter, for the five-year turnaround of the Fluid Catalytic Cracking unit (FCC), and its two main ancillary units: the Alkylation unit (Alky) and the Etherification unit (TAME).



Power Generation

The Saras Group is active in the power generation sector through an IGCC plant (Integrated Gasification Combined Cycle) located within the industrial site in Sarroch (Sardinia), and perfectly integrated with the Group's refinery.

The IGCC plant, owned and operated by the subsidiary Sarlux Srl, is one of the largest in the world in its kind of technology. It has a total installed capacity of 575MW, it generates more than 4 billion kWh/year of electricity, and it supplies more than 30% of the total power consumption in the island of Sardinia.

Moreover, the IGCC plant is also one of the largest conversion units of the refinery for heavy products and, at the same time, it is the most important "utility" of the Group's industrial site, because it provides high volumes of hydrogen to the hydrocracking and hydrotreating units of the refinery, and it also produces high quantities of steam, which are needed in several other units in the refinery.

Reference market

National power demand in 2014 (including network losses and net of the electricity needed for pumping activities) equalled 309,006 GWh. The sharp drop (-3.0%) versus the previous year is due to continuing weak macroeconomic conditions, which caused a slow-down of all industrial and production activities in almost all the regions of the country. Moreover, it should be noted that, when compensating for calendar differences, the change in demand stood at -2.9%, because the year 2013 had two more working days then the year 2014.

The decrease in demand for electricity was widespread across the country. However, differently from previous years, in FY 2014 the largest contraction took place in Lombardy (-6.4%). Sharp decreases were recorded also in the north-western regions of the country (Piedmont, Liguria and Valle d'Aosta, which cumulatively stood at -4.4%), in the island of Sicily (-3.4%), and in the central regions of Abruzzo, Marche, Lazio, Umbria and Molise (which cumulatively posted a -3.0%). Less remarkable, instead, was the contraction of demand in the southern regions of Campania, Basilicata, Calabria e Puglia (with a cumulative -2.7%), in the three north-eastern regions of Triveneto (-0.7%), and in the island of Sardinia (-0.5%). The only regions capable of keeping demand unchanged were Emilia Romagna and Tuscany.

In 2014, demand for electricity was met for 52.9% by thermoelectric production, for 18.8% by hydroelectric production, for 14.2% by other

Yearly Average Values 1		2014	2013
Italian Total Power Demand	GWh	309,006	318,475
Import	GWh	46,724	44,338
Internal Production (2)	GWh	267,557	278,832
of which: *Thermoelectrical*	GWh	165,684	183,404
National Electricity Tariff (PUN) (3)	EUR/MWh	52.08	62.99

1. Data estimated by Terna (www.terna.it), subject to review

2. Production net of consumption for auxiliary services

3. Source: GME SpA (www.mercatoelettrico.org) renewable sources (geothermal, wind power and photovoltaic production), and for the remaining 14.1% by imports of electricity from foreign countries. National net power production, equal to 267,557 GWh, was down 4.0% versus 2013 (278,832 GWh).

Finally, the average National Electricity Tariff (PUN - Prezzo Unico Nazionale) in 2014 stood at 52.08 EUR/MWh, down 17.3% versus the value recorded in the previous year (which was 62.99 EUR/MWh), mainly because of the sharp reduction in domestic power consumption, as previously discussed.

		2014	2013	Change
POWER PRODUCTION	MWh/1000	4,353	4,217	3%
POWER TARIFF	Eurocent/KWh	10.1	11.9	-15%
SERVICE FACTOR	%	89.9%	87.2%	2.7%
TAR FEEDSTOCK TO THE IGCC PLANT	Thousand tons	1,149	1,123	2%

Main operational and financial results

From an operational point of view, the Power Generation segment had a very solid performance in FY 2014, increasing its service factor by approx. 2.7%. Electricity production reached approx. 4.35 TWh, up 3% versus the production in FY 2013, mainly due to the differences in the scheduled maintenance activities carried out in the two years under comparison.

EUR Million	2014	2013	Change
EBITDA	240.4	182.4	32%
Comparable EBITDA	**240.4**	**182.4**	**32%**
EBIT	354.7	(123.0)	388%
Comparable EBIT	**174.7**	**109.5**	**60%**
EBITDA ITALIAN GAAP	**147.9**	**184.8**	**-20%**
EBIT ITALIAN GAAP	**85.9**	**131.2**	**-34%**
CAPEX	6.8	16.9	

From a financial point of view, in FY 2014 the IFRS EBITDA (coincident with comparable EBITDA) was EUR 240.4 m, strongly increased (+32%) versus FY 2013. The difference was primarily due to the recent revision of the outlook for the future prices of crude oil and gas, used in the calculation of the IFRS results, according to the projections made by leading international institutions which specialise in this field. Based on the new scenarios, the weakness in crude oil should reduce the purchasing cost of the feedstock, while revenues should only have a moderate decline, because of their correlation to gas prices. Moreover, further support to FY 2014 results came from higher sales of hydrogen and steam (up by approx. EUR 4.7 m versus FY 2013), whose revenues are not subject to straight-line reporting under IFRS.

It should be further noted that the IFRS EBIT includes a reversal of the write-off of the CIP6/92 contract between Sarlux and the GSE (the Italian power grid operator, known as “Gestore dei Servizi Energetici”), equal to EUR 180 m pre-tax, due to the adoption of the revised outlook for the future prices of crude oil and gas.

The Italian GAAP EBITDA stood at EUR 147.9 m in FY 2014, down versus EUR 184.8 m in FY 2013, primarily because of the decline in the CIP6/92 power tariff (-15%), due to the application of the Decree Law 69 of 21st June 2013. More specifically, the Decree introduced a change in the calculation methodology of the tariff, requesting that the “Avoided Fuel Cost” component of the tariff (known as “CEC”) be determined taking as a reference the spot market gas prices (in lieu of Brent crude oil prices). The effects of the revision were modest on the FY 2013 Italian GAAP results, but they became material starting with the financial year 2014. Nonetheless, positive contributions to FY 2014 EBITDA came from the lower cost of the feedstock versus FY 2013, from the higher production and sale of electricity (+3% versus FY 2013), and also from the higher sales of steam and hydrogen, as disclosed in the previous paragraph.

CAPEX in FY 2014 was EUR 6.8 m, coherently with the maintenance activities carried out in the period.

Finally, it should be mentioned that the deadline for the presentation of a binding request for voluntary early exit from the CIP6/92 contract has been further postponed until 30th September 2015, in accordance with the decision taken by the Ministry of Economic Development.

Marketing

The Saras Group conducts its Marketing business in Italy and in Spain, both directly and through its subsidiaries, primarily in the wholesale channels. In this regard, in Italy the Group owns and operates a coastal depot for oil products located in Arcola (La Spezia), with a total capacity of 200,000 cubic metres, and it also has some long-term rental contracts for storage space in other depots owned by third parties, located primarily in the central and northern parts of the Italian peninsula (Livorno, Ravenna, Sannazzaro, Fiorenzuola, Marghera, Torre Annunziata, etc.).

In Spain, instead, the subsidiary Saras Energia owns and manages a depot located in Cartagena (Spain), with total capacity of 114,000 cubic metres, and it also uses oil terminals in other Spanish provinces (owned by operators like Decal, Tepsa and CLH), in order to distribute oil products in the entire Iberian peninsula. Saras Energia owns and manages also a retail network composed of 106 service stations (of which 84 fully owned and other 22 on a long-term lease), located primarily along the Spanish Mediterranean coast.

Market

The persistently difficult macroeconomic conditions in various countries of the Euro zone during FY 2014 had a negative impact on demand for refined oil products: important contractions took place both in Spain and Italy, which are the markets where the Saras Group conducts its marketing activities. In particular, total demand for oil products in the Italian market registered a 4.4% drop versus FY 2013, sliding back to a level last seen in the mid '60s. Gasoline consumption decreased by 1.8%, while total demand for gasoil was up by 1.8%. Conversely, in the Spanish market total demand contracted by 1.9% versus FY 2013, with consumption declining by 1.7% for gasoline and by 1.0% for total gasoil.

		2014	2013	Change%
TOTAL SALES	Thousand tons	3,683	3,652	1%
of which Italy	Thousand tons	2,449	2,342	5%
of which Spain	Thousand tons	1,234	1,310	-6%

Main financial and operational results

The penalising context described above had an obvious impact on the performance of the Marketing segment, which was lower than in the previous year. In Italy, the Group still managed to increase its sales volumes (+5%), thanks to its discounting policies in the regions with higher competition, and it also limited the decline in its unit margin, thanks to lower blending costs for biofuels. In the Spanish market, the subsidiary Saras Energia continued its policy aimed at the optimization of the sale channels, minimising the decline in sales (-6% versus FY 2013), while increasing its unit margin.

From a financial point of view, comparable EBITDA stood at EUR 14.9 m in FY 2014. The difference versus the EUR 33.7 m of FY 2013 can be primarily attributed to the disappointing performance of the segment in the first quarter of 2014. Moreover, FY 2014 variable costs were penalised with a charge of approx. EUR 2 m related to the second half of the year and due to the introduction in Spain, during summer 2014, of the so called "Mandatory contribution for Energy Efficiency", which was entirely accounted for in Q4/14.

Finally, FY 2014 results were influenced also by the negative result of the Biodiesel plant. In this respect, it should be mentioned that on December 30th 2014 Saras Energia finalised the sale of its biodiesel business.

CAPEX in FY 2014 was equal to EUR 3.0 m.

EUR Million	2014	2013	Change%
EBITDA	(4.9)	16.0	-131%
Comparable EBITDA	**14.9**	**33.7**	**-56%**
EBIT	(14.7)	7.6	-293%
Comparable EBIT	**6.4**	**25.3**	**-75%**
CAPEX	3.0	3.7	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Wind

The Saras Group has operated in the production of electricity from renewable sources since 2005, through its subsidiary Sardeolica Srl, which owns and operates a wind farm located in the municipality of Ulassai (Sardinia), consisting of 48 "Vestas V80" aero-generators, with a total installed capacity of 96MW. Since the start of operations in 2005, the cumulative production of energy has been equal to more than 1,535 GWh, which translate into savings of about 957,000 barrels of oil and, consequently, avoided CO_2 emissions for approx. 1.27 million tons.

Integrated certification for safety, environment and quality

In 2006 Sardeolica first achieved certification of its Environmental Management System under the international standard ISO 14001:2004. Moreover, in July 2012, the certification of Sardeolica's Management System was extended also to the standards BS OHSAS 18001:2007 (Health and Safety), and to ISO 9001:2008 (Quality), by the certification agency "TÜV Austria".

Reference market

2014 was again a difficult year for wind power generation in Italy, with a drop in new wind power installations of 76% versus 2013. Indeed, the total cumulative installed capacity in the country at 31st December 2014 stood at 8,658 MW, which means that it increased by only 107 MW in the year, versus the 1,273 MW which were installed in 2012, and the 450 MW which were installed in 2013. Such remarkable drop in installations of new capacity, according to the trade associations, can be primarily attributed to the introduction of penalising regulations for the Wind sector and, more precisely, to the system of the "lowest-bid auctions" for granting economic incentives. As a confirmation of this theory, ANEV highlights that the sharp drop in capacity installations began in 2012, which is the year when the new incentivising mechanism was introduced. Companies operating in the Wind sector have been waiting for the introduction of new regulations from the Ministry of Economic Development, aimed at correcting the auction mechanism. However, as of 31st December 2014, the Decree related to the allowances for the period 2016 – 2020 had not yet been issued. The latest data from Terna show that wind power production in Italy was nearly 15 TWh in FY 2014, up by 1% versus 2013, and it accounted for 5.6% of the total national power production, and for 4.8% of the demand for electricity.

Main operational and financial results

In FY 2014 the IFRS EBITDA of the Wind segment (which is equal to the comparable EBITDA) stood at EUR 20.5 m, slightly down versus EUR 22.7 m in FY 2013. The difference can be explained mainly with the lower production of electricity (-13% versus 2013, which was a year characterised by extraordinary wind conditions) and, to a lesser degree, also by the lower value of the power tariff (which decreased by 0.9 EURcent/kWh). Nonetheless, it should be noted that the decline in the power tariff was almost entirely offset by an increase in the value of Green Certificates (up by 0.8 EURcent/kWh).

Production 2014 [MWh]	Equivalent[1] number of households	TEP[2] "saved"	Barrels of oil[2] "saved"
171,657.0	57,219	14,671.5	107,102

Production 2014 [MWh]	Polluting element	Specific emissions[3] [kg/MWh]	Emissions avoided [t]
171,657.0	CO_2	828	142,132.0
	SO_2	3.8	652.3
	NO_x	1.9	326.1

Production 2005-2014 [MWh]	Equivalent[1] number of households	TEP[2] "saved"	Barrels of oil[2] "saved"
1,535,015.0	511,672	131,197.9	957,744

Production 2005-2014 [MWh]	Polluting element	Specific emissions[3] [kg/MWh]	Emissions avoided [t]
1,535,015.0	CO_2	828	1,270,992.4
	SO_2	3.8	5,833.1
	NO_x	1.9	2,916.5

1. Estimated consumption of an average Italian household: 3,000 kWh/year (http://www.scienzagiovane.unibo.it/pannelli/8-domande-risposte.html)

2. 1 TEP = 7.3 barrels = 11,700 kWh (http://www.galileo2001.it/materiali/documenti/energia/energia_ambiente_01.php)

3. Official Regional Gazette of the Sardinian Autonomous Region, Parts I and II, No. 26, page 31 (30/08/2003)

		2014	2013	Change%
ELECTRICITY PRODUCTION	MWh	171,657	197,042	-13%
POWER TARIFF	Eurocent/KWh	4.8	5.7	-16%
GREEN CERTIFICATES	Eurocent/KWh	9.7	8.9	9%

EUR Million	**2014**	**2013**	**Change%**
EBITDA	20.5	22.7	-10%
Comparable EBITDA	**20.5**	**22.7**	**-10%**
EBIT	13.4	18.3	-27%
Comparable EBIT	**15.9**	**18.3**	**-13%**
CAPEX	0.6	0.2	

SARTEC (Saras Ricerche e Tecnologie)

Sartec SpA, which is a wholly-owned subsidiary of Saras SpA, is the Group's company that develops innovative technical solutions ensuring the economical and friendly use of company resources. The company operates in the following sectors:

- Industrial efficiency and energy savings (automation and plant engineering solutions, process control, energy-saving solutions and initiatives in its capacity as an energy service company (ESCo), the supply of package systems and proprietary products);

- Environmental protection (environmental engineering and monitoring, environmental analysis and measurement systems, analytical services).

Over the last three years, the company has consolidated its market position with revenues growing slowly but steadily. In particular, during 2014, with external market volumes being equal (around 22% of the total), the company increased its efforts in the domestic market, in order to ensure that sufficient support was given both to the ordinary activities and to the investments ongoing in Sarlux's refining and power plants.

The main activities carried out by Sartec for the Group are principally plant engineering and procurement, automation engineering and environmental engineering. Multi-disciplinary engineering and automation engineering generated a total of around 100,000 man hours, developing both activities preliminary to the plant shutdown activities scheduled by Sarlux for 2014, as well as engineering of new investments in individual systems (e.g. the new "slurry oil" filtration system), and the proposed integrated plans for new investments aimed at maintaining technology at a state of-the-art level (e.g. the "Refinery Automation Master Plan").

Among supply activities, the most relevant were the construction of process analysis systems dedicated to important refinery units, including the delivery of two innovative tools for flare temperature measurement, based on the prototypes developed in 2013 in partnership with the Physics department ("Centro Grandi Strumenti", or Large Instruments Centre) of Cagliari University.

With regards to environmental engineering activities, these remained focused mainly on the Sarroch industrial site, for the implementation of the solutions designed to meet AIA requirements (environmental authorisation): monitoring to protect groundwater, monitoring of fugitive emissions and air quality, monitoring of odour emissions, etc.

In 2014, tests were carried out at the new pilot plant to simulate the use of three catalysts in the MildHydroCracking process at the Group's refinery. The new pilot plant operates in parallel with the existing plant, which itself was used in 2014 for simulations requested by third-party customers, aimed at evaluating the possibility of obtaining fuel oil from biomass pyrolysis processes and automobile shredder residues.

Due partly to the success of these tests, Sartec is currently considering whether it could provide, in addition to consulting services on evaluating the liquid fraction treatment process, also a contribution to the designing and building of plants that convert waste into liquid and solid products actually sellable on the market.

With regard to energy efficiency projects, for which Sartec operates as a certified ESCo, activities geared towards obtaining energy efficiency certificates continued during the year. These certificates relate to earn savings projects implemented in the Group's refinery, which enabled it to earn around 400,000 EECs (energy efficiency credits), as well as energy savings projects, particularly for the operation of steam networks.

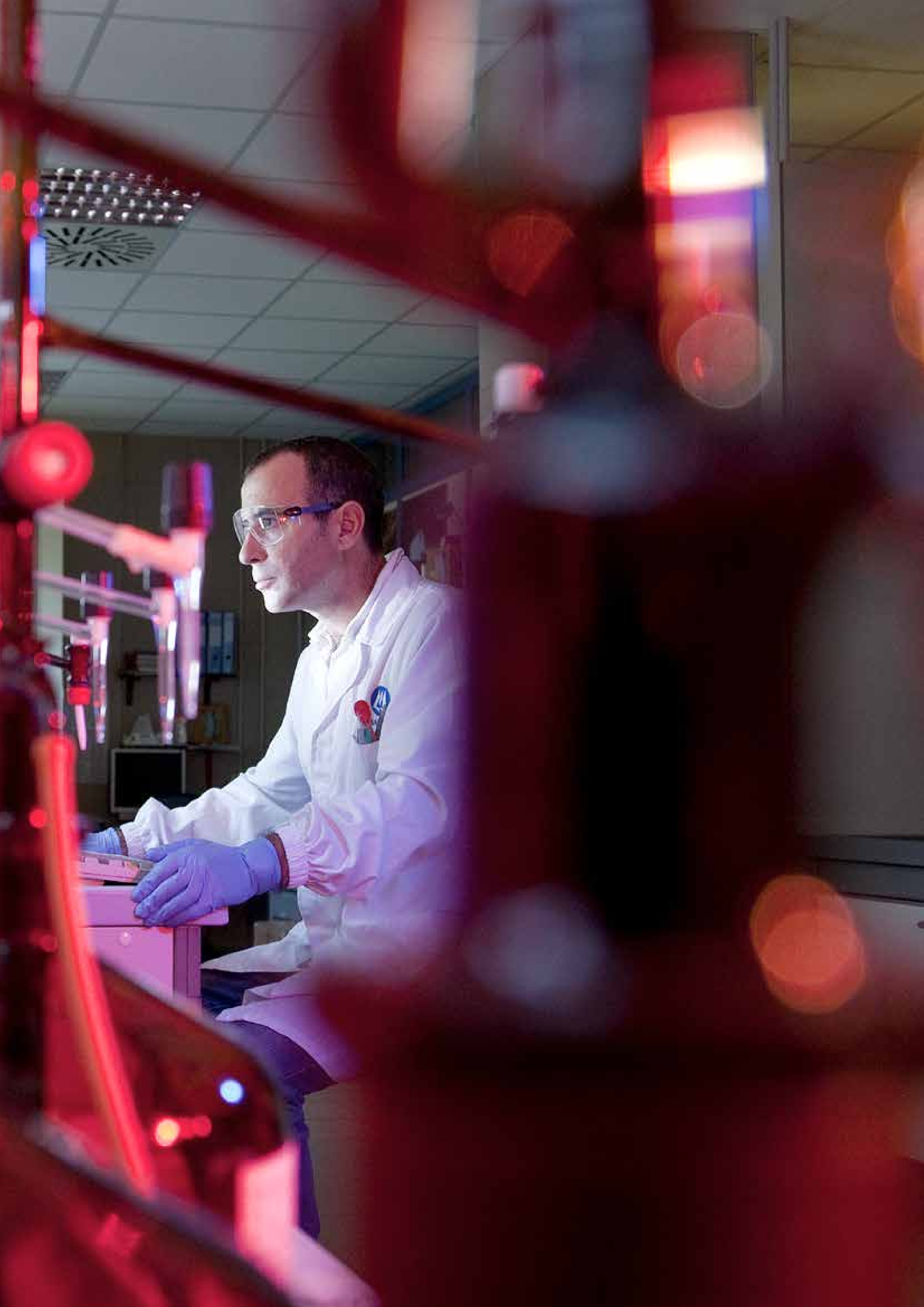
Activities on the Group's external market include those with Italian and foreign industrial customers,

as well as with public administrative bodies and relate, in particular, to the provision of services for air quality monitoring networks. Major projects under way for industrial customers include the engineering project to automate the utilities in the refinery currently under construction in Jazan, Saudi Arabia, an international partnership with GICO Tecnica Canada and Hitachi Ltd. The company will continue, also in 2015, to manage resources both in Japan and in Saudi Arabia, completing the engineering work on the control room and the alarm rationalisation, as well as on-site testing and start-up activities.

In 2014, Sartec also continued to supply a number of its proprietary products to third party industrial customers (such as sampling valves and drainage valves), as well as a new transportable photovoltaic energy generation systems (trolley solare ®).

In the Public Administration sector, in which Sartec predominantly operates in the supply and maintenance of air quality monitoring systems, the company continued a project to revamp the monitoring network for ARPA Campania, which will be completed in 2015.

Lastly, in terms of research and development carried out in partnership with universities, further collaboration continued with Cagliari University, aimed at increasing expertise both internally and in the regional community, by way of traineeships and PhD programmes. The company also participated in seminars for undergraduates of the Engineering and Architecture department aimed at enriching their academic knowledge with contributions based on experience in the industrial sector.



Strategy and Outlook

The year 2015 started in a very positive manner. Indeed, the rebound of the refining margins started in autumn 2014 has become even stronger. The reference margin EMC Benchmark has climbed from the average of +0.9 $/bl in Q4/14, up to the current average of +3.5 $/bl in Q1/15-to-date (according to the data available at the time of publishing this document). This trend can be primarily attributed to a situation of persistently growing production and supply of crude oil, at a time of stagnating global demand for oil products.

Besides the decline in absolute value of crude oil quotations, the current production surplus creates also interesting changes in the discounts/premia paid for different grades of crude oil versus Brent; in particular, large discounts are given on heavy grades, leading to meaningful advantages for the configuration of our refinery that is capable of processing even the most complicated and unconventional kind of feedstock.

Further positive signals for the 2015 outlook of the Refining segment are related to the strengthening of the US dollar which, in recent months stands at an average of approx. 1.15 US dollars for 1 Euro (which means 10% stronger versus the values of the fourth quarter of 2014). As is known, a strong dollar supports the results of the Refining segment, which earns a gross margin in US dollars, and pays fixed and variable costs in euros.

Moreover, Saras maintenance programme for the year 2015 will be light, with reduced impact on EBITDA and on refinery runs. In particular, the refinery shall process approx. 15 million tons of crude oil (equivalent to 110 million barrels), which represents an increase of more than 2.5 million tons versus FY 2014, with obvious positive impact on results. With regard to the crude mix to be processed in the refinery, as previously mentioned, the market is currently oversupplied and, under the circumstances this creates many commercial opportunities, especially for the non conventional kinds of crude oils. Therefore, the Saras Group will pursue opportunistic choices in the procurement of its feedstock, based on economic and commercial evaluations.

It is also important to highlight the completion of the acquisition, on December 29th 2014, of a business of Versalis SpA, comprising approx. 80% of production units of the Versalis' petrochemical plant in Sarroch (Cagliari). With this transaction, Saras received a consideration of approx. EUR 50 m from Versalis; additionally, it is expected that, in due course, the profitability of the Refining segment shall increase by approx. EUR 10 m per year, thanks to several production synergies and optimisations.

Moving to the analysis of the Power Generation segment, its financial results are expected to improve in FY 2015, mainly as a consequence of the weakness of crude oil. Conversely, the revenues of the segment are not expected to change in a significant manner, because the power tariff should remain unchanged. With regard to the scheduled maintenance programme, in FY 2015 activities will be substantially in line with those carried out during the previous year (i.e. one of the two "H2S Absorber" units and two of the three "Gasifier – combined cycle Turbine" trains). Overall, this leads us to forecast a total power production in 2015 in the range between 4.15 and 4.45 TWh. Moreover, with regard to the CIP6/92 contract, the deadline for submission of a binding application for voluntary early withdrawal from the contract has been further postponed to 30th September 2015, according to the latest extension granted by the Ministry for Economic Development. The company is assessing the available alternatives, in order to make a decision within the above deadline.

With regard to the Marketing segment, its margin in FY 2015 is expected to remain substantially stable, thanks to a gradual recovery in the consumption of oil products in Europe, and notwithstanding the introduction of the "Mandatory contribution for Energy Efficiency" in Spain. Prudentially, the Group will continue to pursue a consolidation strategy, aimed at optimizing the mix of sales channels, directing efforts towards the improvement of its gross margin.

In the Wind segment, during FY 2015, the Group will continue the approval process, which requires the Environmental Impact Assessment procedure ("V.I.A. – Valutazione di Impatto Ambientale"), for various projects in Sardinia, with a total combined capacity of approx. 70 MW.

Finally, the Group wishes to express satisfaction for the abolition of the so called "RobinTax", because this shall reduce by 6.5% the direct tax charge of the Group, starting from 2015.


SARAS

Investments by Segment

In FY 2014 the Saras Group's capital expenditure totalled EUR 136.3 m, almost EUR 27 m higher than in the previous year, with the breakdown by segment illustrated in the relevant table. Also in FY 2014 the Group confirmed its traditional proactive approach, making some investments specifically aimed at full compliance with all the HSE requirements, and other investments to keep its plants in perfectly safe and efficient conditions. Moreover, certain CAPEX was also dedicated to growth. Overall, investment decisions have always been accurately studied, in order to retain at all times a robust financial position for the Group, in consideration of the persistently difficult economic conditions.

EUR Million	2014	2013
REFINING	124.9	87.1
POWER GENERATION	6.8	16.9
MARKETING	3.0	3.7
WIND	0.6	0.2
OTHER	0.9	1.7
Total	136.3	109.6

In FY 2014, more than 90% of the CAPEX was directed to the Refining segment, primarily in order to carry out the important activities for the five-year "turnaround" of the Fluid Catalytic Cracking unit (FCC) and of its main ancillary units: the Alkylation unit (Alky) and the Etherification unit (TAME). More precisely, an upgrade was also completed of the turbine which recovers the exhaust energy of the FCC "flue gas", by changing some specific components, and increasing the quantity of electricity produced by the generator powered by the turbine. Moreover, during the turnaround, all activities were carried out in order to prepare for a future replacement of the regeneration blowers of the FCC unit. These are huge blowers which send compressed air to the catalyst regeneration system in order to clean, with a controlled combustion, deposits of coke and heavy hydrocarbons from the catalyst. The current regeneration blowers are powered by large steam turbines; in the future, it is envisaged that they will be replaced by new regeneration blowers powered by electric motors, hence achieving sizable energy savings.

Finally, with regard to HSE, expenditure during 2014 involved mainly land protection, through the construction and renovation of double bottoms for certain hydrocarbon tanks, and flooring work on certain basis, tanks and pipes. Additionally, many investments were completed in order to implement new systems for environmental control, fire protection and also for the storage of rainwater.

Human Resources

Organisational development

The Human Resources and Organisation department's ability to quickly rethink organisational and behavioural models to fit the new context, and implement them equally quickly, were again key aspects of its work in 2014.

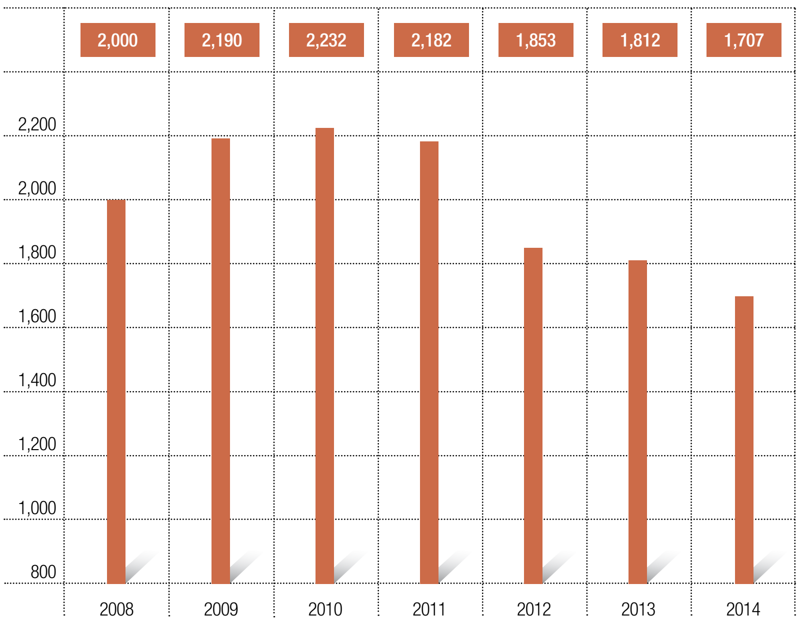
The spin-off of Saras' refining business and its incorporation into Sarlux, and the subsequent work to optimise the organisation, as started by Alberto Alberti, who died prematurely in November 2013, were completed in early 2014, with the launch of a new organisation within the Sarroch plant. The main objective was to bring together all maintenance work under one unit in the Asset Management function, in order to take another step forward in improving the efficiency of the work carried out by subcontractors. As a result, the pre-existing production areas underwent a change "in parallel", which enabled the operational areas, once again, to focus fully on optimising the management of production operations and assessing priorities for the work to be authorised, rather than on parts of the work to be carried out.

Upon completion of the activities launched at the end of 2013, the Human Resources and Organisation department continued to support Sarlux's senior management in implementing specific initiatives relating to the company's purpose, with the aim of achieving operational excellence and increasing the value and quality of the corporate organisation.

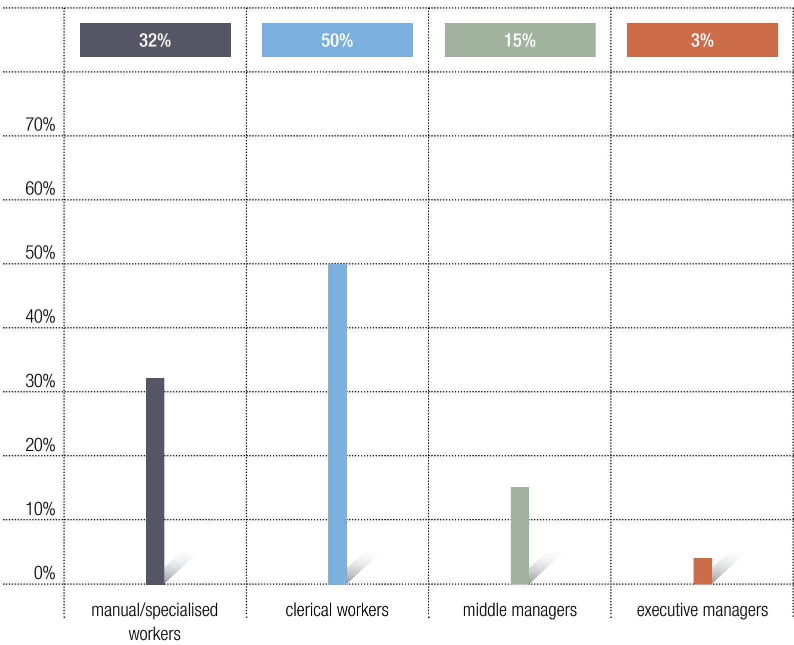
42.5 years
The average age
of Group employees

Thanks to the significant efforts made by the CEO and his senior managers, the key "challenges" that Sarlux has to face in the short and medium-term were identified, some of which are closely business-related, while others are "softer" and help to achieve the former. With regard to the business-related targets, the Company decided to focus on improving its results, with the aim of eliminating accidents, maximising plant profitability, achieving maximum site energy efficiency, further streamlining maintenance processes and formulating increasingly challenging and demanding programmes.

Saras Group: total employees



Saras Group: job categories



As regards the softer targets, important initiatives were launched in parallel relating to the active involvement of staff, internal and external communication, the development of technical and professional competencies and expertise, and the implementation of a suitable organisational structure. Each challenge was assigned to a manager who would be responsible for developing it, using the assistance and professional expertise of other colleagues, in accordance with a project management methodology that encourages communication between the various company divisions and hence enables the objectives to be achieved efficiently and in a mutually supportive manner.

For the Human Resources and Organisation department, the year 2014 involved significant efforts to develop one of the most important business initiatives of the last few years: the acquisition of a business unit from Versalis, as discussed extensively in other sections of these financial statements. This initiative involved several different stages. From February onwards, the necessary information started to be collected on the organisation, processes and procedures, and ICT staff and systems, in order to incorporate the potential acquisition in the structure from an HR viewpoint. On the basis of this information, a project plan was developed, which enabled the team to assess the impact of the acquisition in terms of manpower, and to design a potential organisational structure for the business unit and its integration into the Saras Group, given that integration would not simply be the straightforward sum of the two organisational parts. In other words, it was necessary to ensure that synergies and rationalisation would be obtained and that the costs of the work would be in line with the economic context, which was still very difficult.

In the second half of the year, while the overall contractual terms of the acquisition were being defined, the initiative moved into the "executive design" stage. This involved evaluating the methods, costs and terms of a redundancy plan – open to Saras and Sarlus employees - that would determine the staff numbers required for the acquiring organisation, in tandem with a similar plan being launched by Versalis.

The operation took into account the total headcount of the various companies (Versalis, Saras and Sarlux) present at the Sarroch industrial site. 223 employees were transferred from Versalis to Sarlux and integrated into its existing organisational structures. A process of restructuring was then completed, mainly through voluntary staff redundancies, managed with the aim of minimising the social and employment impact of the measures necessary for the successful completion of the acquisition. This was a delicate process in light of the Sardinian economic and social environment, where similar, more devastating cuts had taken place in recent years.

Pay policies

Management pay components

Fixed gross annual pay is set by the national collective agreement for industrial managers. This pay may be supplemented by additional benefits and a variable component. The variable portion is established with reference to the strategic objectives and operating results according to an MBO (Management By Objectives) system. It was not possible to achieve the defined objectives in view of the 2014 financial results.

In 2014, the Long-term Incentive Plan - 2013/2015 Stock Grant Plan, which had been approved by the ordinary shareholders' meeting of Saras SpA in April 2013, was implemented.

Non-management staff pay components

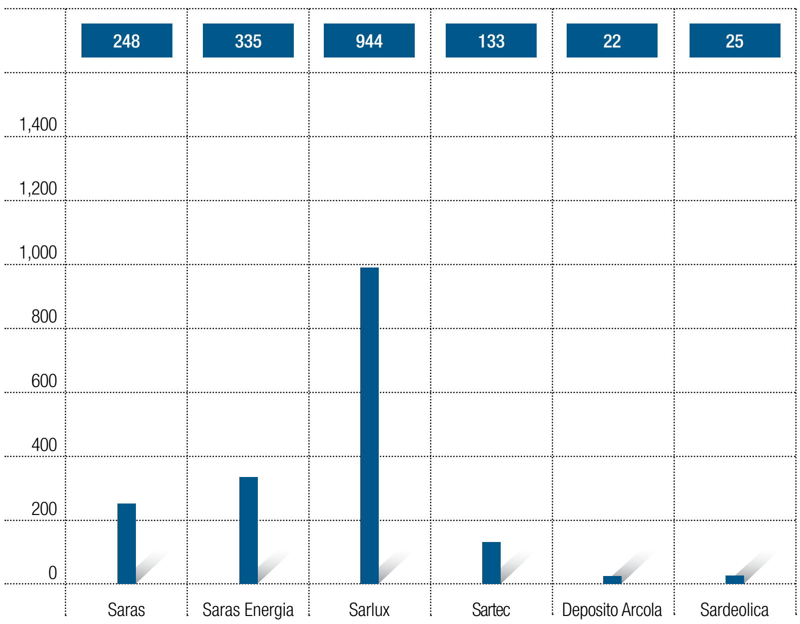
Fixed gross annual pay is also set by the applicable CCNL (National Collective Labour Agreement). This pay may be supplemented by additional benefits and a variable component. The variable component of middle managers' pay is set using an MBO system, with reference to strategic objectives and operating results. As mentioned earlier, it was not possible to achieve the defined objective in view of the 2014 financial results.

29,078
Saras and Sarlux training hours

Culture and conduct

The Human Resources and Organisation department continued its "Program Management" and "Change Management" activities in 2014, and strengthened the initiatives aimed at fostering greater involvement by the various roles in the organisation. More specifically, with regard to the roles with managerial responsibilities, the assessment of the organisational conduct, which while previously aligned with the company purpose had been subject to further refinements thanks to an in-depth study done by Sarlux in the meantime, was confirmed and supported.

Breakdown of employees by company



The revised system, implemented for a second time, helped to develop awareness and a sense of responsibility, which are all the more necessary in the current climate. Greater use of the system has meant that it can be used by management as a tool for guiding the conduct of staff better and impressing on them the need for a proper focus, which is something all staff must have to achieve the corporate objectives.

In support of the change initiatives, the company newsletter "visBreaking News" continued to be published throughout 2014 and, together with the monitor network launched in previous years, continued to represent two important channels of internal communication. The Saras Group used these tools to promote a culture of results and responsibility. Specifically, it sought to enhance the value of the initiatives and the behaviours conducive to achieving the improvement objectives, in terms of both production and consumption, and in the health, safety and environmental arena.

The decision to use these two methods in tandem with each other was a strategic one. By taking advantage of the particular features of each method, alternating frequently between the two, the Company was able to enhance the effectiveness of its communications and optimise the use of resources.

For the fourth year running, the company developed and disseminated a poster campaign to promote safe behaviour, particularly in relation to shutdown activities. Based on the fundamental principle of "risk awareness", the campaign was aimed at both the Company's employees and the staff of subcontractors. Using specific notices, the campaign focused in particular on the use of personal protective equipment, and on the care, cleaning and attention to be paid in one's work environment.

Training

In 2014, the Saras Group showed its usual commitment to training, providing its staff with training on specific issues (safety, environment, high-level training). As shown in greater detail in the appropriate table, a total of 29,078 training hours were provided to employees of Saras and Sarlux (of which around 18,817 related to safety).

The clear focus of Group training was on upgrading knowledge of safety issues, followed by upgrading/acquiring technical competencies. More specifically, the implementation of the Safety Training Plan formed the basis of the training to upgrade employees' knowledge of safety issues. The Plan stipulates that employees should keep themselves constantly up-to-date with the risks that are specific to all workers, while people with specific roles should undergo additional training in relation to their particular responsibilities.

18,817
Saras and Sarlux
safety training hours

In 2014, Sarlux staff training continued as in previous years, focusing on the same subjects, especially on issues with an impact on health and safety (over 18,000 hours) and environmental protection (around 5,600 hours), but looking at them from different points of view. The Company's efforts to ensure that its people are always prepared for the activities required by the organisation were supplemented with specific training on role-based technical competencies. In addition to the training hours in the strict sense of the word, Sarlux provided around 13,630 hours of on-the-job training, as well as 3,120 hours of shadowing to enable staff to be able to sign work permits.

In 2014, training supported the implementation of the new work permit management system, through a specific training programme for the individuals concerned. This training will continue in 2015 until the transition to the new system is completed throughout the site.

Subjects	No. hours for Sarlux Srl employees	No. hours for Saras SpA employees	Total hours for Saras SpA and Sarlux Srl
Safety	18,006	811	18,817
Environment	5,592	73	5,665
Miscellaneous	2,748	1,849	4,597
	26,345	2,733	29,078

SAFETY IS OUR ENERGY

"WE WANT TO SEE OURSELVES, AND BE SEEN, AS AN INDUSTRIAL GROUP MADE UP OF PEOPLE WHO LIVE AND PROMOTE A CULTURE OF SAFETY THROUGH OUR DAILY ACTIONS".

Lastly, note that, within the framework of Group activities conducted in 2014:

- there were no recorded cases of death at work involving the staff listed in the Company's employee register;
- there were no recorded serious or very serious accidents involving the staff listed in the Company employee register;
- there were no recorded allegations of occupational illness affecting staff or former staff, or any cases of harassment.

Finally, in relation to the criminal lawsuit opened following the accident in 2011 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the Public Prosecutor requested that, for the Company, the following be committed for trial (for liability pursuant to Legislative Decree 231/2001): the Chairman; the CEO, the General Manager, the Refinery Manager, three executive managers and three staff of the Company. For the firm which employed the injured workers, the owner, a manager and a team leader were committed for trial. The preliminary hearing is scheduled for 7th May 2015, following which there may be a prosecution or a nonsuit.

In relation to the criminal proceedings following the accident in 2009 at the Sarroch refinery, which involved three workers from a subcontractor, in March 2014 the appeal process was concluded. The acquittals of the company and the two managers in first instance, pursuant to Legislative Decree 231/2001, were upheld. The suspended sentences of the General Manager and the Refinery Manager, handed down by the court of first instance, were upheld with a reduction in the term, while damages were awarded to the plaintiffs. Lastly, the sentence of the owner of the external firm was upheld with no reduction. Damages were awarded to the plaintiffs. The time limit for filing an appeal before the Court of Cassation has not yet expired.


Dräger

Health, Environment and Safety

A constantly improving picture

Generating energy in a safe and reliable way is one of the principles that guide our strategic decisions. Improving reliability and continuity in operations while at the same time ensuring territorial and environmental protection is a priority of the company. Activities to protect the health and safety of all those who work directly and indirectly for the Saras Group are of vital concern.

Our ongoing commitment to this area has enabled us to significantly reduce the impact of our activities on the environment and, over the last few years in particular, to promote the improvement of energy efficiency. In 2014, the dramatic improvements in the environmental figures achieved in previous years were confirmed. This is the result of the consolidation of management activities at the plants.

A detailed and accurate overview of all the environmental aspects that directly or indirectly affect the environment, in and outside the Sarroch plant, is given in the" Environment Declaration", drawn up as required by the EMAS regulation.

During the year, activities to monitor all environmental aspects continued. Atmospheric emissions and waste water are aspects that are immediately obvious because they affect the environment in which people live and work every day. Other issues, such as energy and water consumption and carbon dioxide (CO_2) emissions, are of more general concern. They are therefore governed by international regulations and agreements since they have a global impact and their direct effects on the local environment are less obvious.

The emissions figures for 2014 highlight the improvements built up through investments made in the last few years. Small fluctuations, however, can be seen from year to year, and they depend from extraordinary maintenance activities and unit upgrading. The improvement in environmental data is due to a series of technical and operational measures put in place, which have gradually equipped the refinery with more efficient technology and resources in terms of production and respect for the environment.

There were further improvements in sulphur dioxide (SO_2) emissions in 2014. A comparison with the average performance in the last few years confirms the improvement. In 2014, at 0.27 tons per 1,000 tons processed, SO_2 production was lower than in recent years and significantly lower than the production rate recorded in 2007 of 0.51. In this regard, please see the graph that represents the SO_2 production rate.

This improved result was achieved mainly thanks to the entry into service in December 2008 of the tail-gas treatment and sulphur recovery unit. This unit enables emissions to be reduced, and it had excellent performances in recent years.

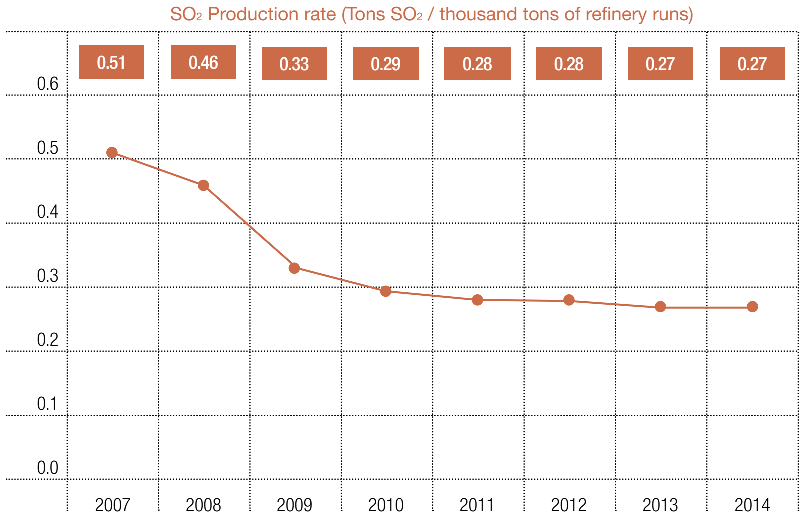
Expediture on the environment and safety is also part of the Saras Group's growth strategy. Against this backdrop, issues such as a culture of energy savings and environmental sustainability, of which the Company and the Group were already aware, have become even more current in recent years.

With regards to Health Safety and Environment (HSE), over the last five years the company has implemented environmental protection measures, achieved improvements in energy efficiency (with a reduction in the quantity of fuel burned, and therefore a reduction of emissions), and continued the protection activities of the underground-waters, by paving the basins and building double bottoms for several tanks.

Thanks to its environmental protection policy, also in 2014, no instances occurred when the company was liable for damage caused to the environment, and neither was it subject to fines or penalties for environmental offences or damage.

Environmental protection policies also require continuous investment in staff training, which involves all workers at the refinery (including those of third party contractors) and other Group companies in a process aimed at creating a high degree of awareness for the environmental issues. It goes without saying that even the most advanced technological systems must be supported by careful management and control by all those involved in the production cycle.

SO_2 Production rate



AIA: Integrated Environmental Authorisation permit

The process of obtaining the Integrated Environmental Authorisation ("AIA") began in early 2007 and was completed in April 2009. Saras was the first refinery in Italy to obtain the AIA permit, which represents a process of improvement in the technical and structural characteristics of the plants and the production site, thereby minimising the impact of production activities on all environmental matrices. The AIA permit, issued by the Environment Ministry, replaces all other authorisations; it lasts for eight years and is conditional upon maintaining EMAS (EU Eco-Management and Audit Scheme) registration. This further recognition covers the basic concepts of the Environmental Code, which considers all elements (air, water, soil, visual impact, etc.) as part of a whole. It is the result of a process that led the company to obtain Environmental Certification ISO 14001 in 2004, subsequently confirmed in 2007, 2010 and 2013.

Note also that, following the corporate reorganisation which took place in FY 2013, with effect from 1st July 2013 the AIA permit was transferred from Saras SpA to Sarlux Srl, the Group subsidiary which now owns and manages all the production activities of the Sarroch site. Similarly, at the same date, the ISO 14001 certification was also transferred from Saras SpA to Sarlux Srl.

The AIA permit uses the European Union's BREF (Best Available Techniques Reference Document) for Mineral Oil and Gas Refineries as its main reference point, enabling certain issues that could become significant in the future to be taken into account.

Lastly, the monitoring and control activities stipulated in the AIA permit continued on a regular basis during 2014.

EMAS Registration

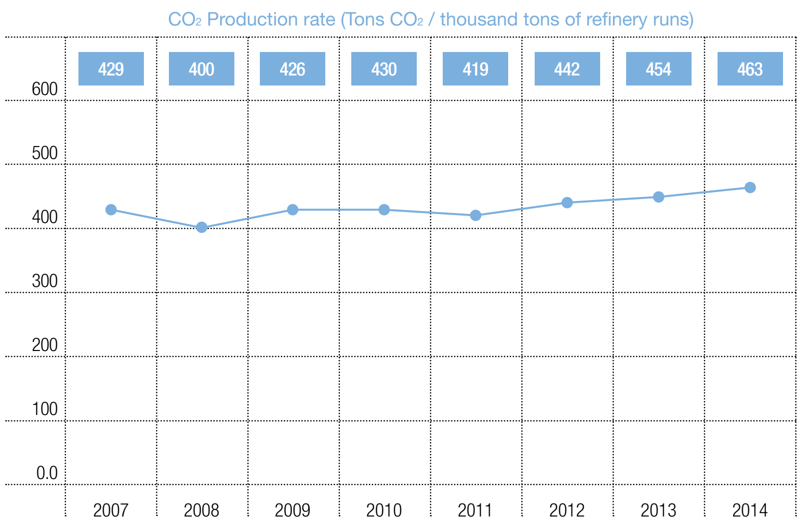
In 2014, the company performed the monitoring activities required to maintain EMAS registration, which assesses the activities that are carried out to ensure

Certification process

2000 > 2001
Definition of the Environmental Code

2002 > 2003
SGA (Environmental Management System) 1st Environmental Report

CO_2 Production rate



environmental sustainability in the territory surrounding the industrial site. The EMAS registration was also transferred from Saras SpA to Sarlux Srl.

As part of the programme to maintain EMAS, numerous activities and commitments must be undertaken, involving many different levels and functions of the company. Specifically, an “Environmental Declaration” must be published in order to ensure transparency *vis-à-vis* the local area’s inhabitants and institutions, and also meticulous compliance with all the regulations.

The “Environmental Declaration” provides a detailed and up-to-date picture of all the environmental aspects that relate to the production site’s internal and external environment and sets out, for the public and all other interested parties, all the activities carried out by the company, the resulting direct and indirect environmental impacts and, even more importantly in terms of maintaining the EMAS registration, the environmental improvement targets that the company has set for itself.

Again with a view to improving transparency, the site’s main environmental data were regularly submitted to INES (the National Inventory of Emissions and their Sources). This information is sent to the Italian Environment Ministry, which in turn sends it to the European Commission, where it is entered on the European Pollutant Release and Transfer Register (EPRTR). More specifically, the above communication concerned the levels of water and air emissions based on various parameters relating to the activities carried out.

System for Health and Safety Management at Work

Safety is our energy

“We want to see ourselves, and be seen, as an industrial group made up of people who live and promote a culture of safety through our daily actions”.

In 2014, the project to improve safety management continued to promote the culture of safety through internal communications initiatives which began in 2010.

The most relevant activities were:

- In October 2014 it started the implementation procedure for the BBS, “Behavior Based Safety, protocol”. The purpose of the initiative is to make the results achieved so far permanent, and to achieve “zero incidental events” within the industrial site, through the increase of safe behaviour in every daily activity. BBS is a

2004
ISO14001Certification
(reconfirmed also in 2007 and 2010)

2006 > 2008
Eco-Management
and Audit Scheme

2009
Achievement of AIA – (Integrated Environmental permit)

CO_2 Emissions of Refinery (ton / year)

Note: since 2013, the National Allowance Plan (PAN) for CO_2 emissions provides for a single allowance for the entire site of Sarroch.

technique for decreasing the number of accidents through safe behaviour; it was chosen by the Group because it has proven its effectiveness in over 35 years of scientific tests and practical applications in an industrial environments;
- "Safety tours" in operational areas, in order to ensure constant monitoring and supervision of safety in the working areas;
- "Arrow Inspections" and construction site inspections, aimed at continuously monitoring the activities carried out by third party contractors;
- "Audit of Environmental Management and Health and Safety Management systems".

Safeguarding health and preventing any form of injury or accident (whether involving its own staff or those of other companies working at the site) are core values for Saras, which are also promoted through the adoption of a "Policy for Health and Safety at Work". The Health and Safety Management System introduced "Performance Measurement", which consists of setting objectives and targets that take into account company performance in compliance with the policy adopted.

To promote a culture of safety, a process has been implemented over the last few years that has enabled the company to obtain some important certifications. In 2007, Saras obtained certification of its "System for Health and Safety at Work" under the OHSAS 18001:2007 standard.

In 2008, it updated the "Organisation, Management and Control Model", pursuant to Legislative Decree 231/01, to comply with the provisions of Law 123/07 and the subsequent Legislative Decree 81/08, on the protection of health and safety at the work-place, and this was updated again in 2011.

In 2014, Saras again obtained certification of its "System for Health and Safety at Work" under the OHSAS 18001:2007 standard, and the certification was transferred from Saras SpA to Sarlux Srl.

Saras also took an active part in drafting the "Guidelines for an Integrated Health, Safety and Environmental Management System", based on the agreement signed on 28th June 2007 by INAIL, ASIEP (now Confindustria Energia) and the trade union organisations, which establish a reference framework for the implementation of integrated health, safety and environmental management systems in Italy.

Against this backdrop, Saras plays an active role, together with Confindustria Energia, INAIL and the trade unions, in conducting audits to check the application of the "Guidelines for an Integrated Health, Safety and Environmental Management System" mentioned above.

The Saras Group promotes a culture of safety at all corporate levels through training staff, sharing

CO_2 Emissions IGCC (ton / year)

Note: since 2013, the National Allowance Plan (PAN) for CO_2 emissions provides for a single allowance for the entire site of Sarroch.

information and checking the degree of effectiveness of the activities pursued. Disseminating the culture of safety translates into continuous training and the creation of working conditions aimed at gradually reducing emergencies and accidents involving Saras Group staff and the employees of contractor companies. Indeed, also in 2014, all training measures relating to specific roles and positions continued, as did the ongoing training on "Safety and the Environment".

Lastly, note that in 2014 the site recorded good result regarding accident rates, also considering the significant maintenance activities carried out on several units, among which the important five-year turnaround of the Fluid Catalytic Cracking unit (FCC), and also of its two main ancillary units. A comparison of these rates with industry data in Europe (Concawe) shows how the Sarroch production site has now achieved and consolidated excellent operational standards.

Greenhouse gas emissions

The Saras Group falls within the scope of the European "Emissions Trading Directive" (ETS) due to the two activities carried out by its subsidiary Sarlux Srl at the Sarroch site, namely the refining segment and the electricity generation segment (IGCC plant). The ETS Directive was introduced across Europe to control and reduce carbon dioxide emissions as part of the battle against the greenhouse effect and consequent climate change. Carbon dioxide emissions do not have a direct impact at local level, particularly in terms of air quality around the site, but are connected to global phenomena.

The ETS Directive was introduced in 2005 to help member states comply with the requirements of the Kyoto Protocol. It works by allocating emissions allowances to each individual plant falling within the scope of the Directive; this allowance is set by each European Union Member State, through the approval of a "National Allocation Plan".

Surplus allowances may be traded and/or stockpiled, and any shortfall must be covered by purchasing emissions allowances on the market. Allocation is decided for each of the reference periods set by the Directive. The first reference period was the three-year period 2005 to 2007, the second related to the five-year period 2008 to 2012, while the current period relates to 2013-2020.

In the second period of application, allocations were more stringent, based on the objectives set out in the Kyoto Protocol. The third period (eight years), which started in 2013, has also led to a further annual reduction in the allocation of emissions allowances.

Saras keeps a register that records, calculates and monitors CO_2 emissions. The calculation system is certified by accredited independent bodies in accordance with European guidelines. We believe that controlling and reducing emissions must be achieved by rationalising energy use and adopting efficient energy-generation systems. Saras has always been heavily involved in such initiatives.

The Emissions Trading Register, which is available for consultation, records both the allowances allocated and the annual CO_2 emissions in Italy. In the third period, the subsidiary Sarlux has been allocated a single cumulative allowance, based on the total emissions from all its operations at the Sarroch site (refining and power generation).

Further details in this regard are provided in the "Environmental Declaration".

Caring for the sea

We are aware that we must preserve and limit any type of change to the environment. For this reason, many years ago we adopted very stringent criteria relating to the transport of oil and refined products by sea. With effect from 2009, only the latest generation of oil tankers have been used. From that year, 100% of the

oil tankers used by the Group have been double-hulled, in anticipation of current legislation on maritime traffic.

Measures to protect the marine environment also include minute-by-minute monitoring of oil tankers both arriving at and departing from the Sarroch terminals. In this regard, vetting inspections are regularly carried out at other ports by contractors engaged by Saras personnel, in accordance with international criteria, as well as pre-mooring inspections of tankers on a spot basis, at the refinery's landing dock.

Social responsibility and activities with the local community

Corporate social responsibility for the Saras Group, especially in Sardinia, chiefly means sharing its technical expertise and knowledge gained over the years, and passing it on to young people. This is why in 2014 the Group consolidated its short internships and training periods offered to students, in collaboration with the secondary schools in the province of Cagliari. These training programmes enable participants to discover the secrets of working in a company, such as the best strategies for successful job interviews, and are planned by Saras staff based on individuals' academic courses. The usual formula for these placements is "work-related learning", ministerial programmes offering young people a first step in the labour market.

However, 2014 was also a year focused on dialogue with the local community, continuous improvement in environmental performance and support for social, economic and cultural development initiatives. The Group's commitment to keeping a channel of communication open with institutions, residents and stakeholders is aimed specifically at the community around the Sarroch production site and the whole of Cagliari, although Saras supports all-round growth for the whole island.

In remembrance of the journalists who fell victim to the Mafia

In 2014, the seventh "Day of remembrance for journalists killed by the Mafia and terrorism" was held in Cagliari, organised by the National Union of Italian Reporters (Unione Nazionale Cronisti), the National Press Federation (Federazione Nazionale della Stampa) and the Order of Journalists (Ordine dei Giornalisti), under the high patronage of the President of the Italian Republic. Saras was the sole partner of the national event held at Cagliari Municipal Council Hall on 3rd May, and attended by the relatives of the Sicilian journalists killed by the Mafia: wives, sisters and children of some of the 28 journalists killed in Italy since the end of the Second World War, from the Mafia assassination of Cosimo Cristina in 1960 to the murder of Vittorio Arrigoni in the Gaza Strip in 2011.

The environment and the sea: dialogue with the community

In July, the Group's Sarlux refinery welcomed Goletta Verde, the sailing boat of Legambiente (the Italian environmental association) and a symbol of sea quality monitoring. Aboard the boat, many journalists and representatives of the region and municipality of Sarroch were shown a film made by Sarlux about the sea bottom of the harbour of the industrial plant, right under the jetty where the oil tankers moor.

The video, which was broadcast during local TV news bulletins, shows the thriving flora and fauna on the sea bottom, demonstrating the Saras Group's commitment to the protection of the sea. As well as octopus, sea bream and carpets of posidonia, the impressive red starfish that line the wall of the jetty can clearly be seen. The collaboration with Legambiente had started the previous year with the submission of the Environmental and Safety Report. The report summarises the environmental performance of all the Group's plants, in order that ecologists can be fully informed of the Group's environmental results and commitments. Communication is one of the underlying principles of EMAS (Eco-Management and Audit Scheme) certification, which was awarded to Saras in 2008 and later transferred to the subsidiary Sarlux, and which is based on the perfect combination of respect for the local community and the sharing of results with residents, against a backdrop of increasing environmental awareness. The huge efforts made by the Group in recent years are clearly reflected in all its environmental figures; one which stands out is the 45% reduction in sulphur dioxide emissions since 2008.

Saras and schools: from elementary classrooms to university

The Saras Group continued its long-established projects at Sarroch primary school again in 2014, in order to disseminate a culture of safety. The Group continued to support the “Safe Schools” project, an educational programme developed by the Internal Affairs Ministry, in collaboration with the Ministry of Public Education and with the Department of Civil Protection, aimed at making the teaching of civil protection compulsory in schools. Saras worked on the “Safe Schools” project developed for the Sarroch elementary/middle school, in collaboration with the municipalities of Sarroch and Villa San Pietro, coordinated by a Provincial Organising Committee, which includes the Educational Authority and the Provincial Fire Service of Cagliari. Under the initiative, lessons on safety are given to children in language that is easy to understand, aimed at making them aware of the risks around them.

In addition to its work with the very youngest, in 2014 the Saras Group also adopted new forms of partnership with high schools, in addition to the regular visits to the site as part of the “work-related learning” programme. Lastly, on 9th June, the Group’s CEO, Massimo Moratti, renewed the memorandum of understanding with the President of Cagliari University, Giovanni Melis. This framework programme involves seminars, traineeships and scholarships for PhD students.

The culture of sport

Saras supports those who excel in sport and regularly promotes healthy sporting values even amongst the very youngest. This is the reason why the Group, through its subsidiary Sarlux, sponsors the Sardinian basketball team, Dinamo-Banco di Sardegna, who have won of the Italian Cup for the last two years. However, the basketball champions are also very active away from the arena, and, through the Foundation, promote a culture of well-being and knowledge of food and nutrition. Dinamo took part in Sarlux’s first Food and Nutrition Day, organised in Sarroch on 16th April 2014, where the team, led by coach Meo Sacchetti, showed off their basketball skills on the pitch of the home team, Sarroch Polisportiva Pallavolo (a team which has risen to the top of Italy’s Serie B2 in just a few years). The two teams sponsored by Sarlux welcomed around 400 pupils from schools in Pula, Sarroch, Villa San Pietro and Capoterra.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ST402

Risk Analysis

Saras bases its risk management policy on the identification, assessment, and possible reduction or elimination of the principal risks associated with the Group's objectives, with reference to the strategic, operational and financial areas.

The principal risks are reported to and discussed by the Group's top management, to create the prerequisites for their management and also to assess the acceptable residual risk.

The management of the risks found in business processes is based on the principle that the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and controls the level of exposure to risk and the results of the actions taken to reduce such risk.

To manage financial risks, the Saras Group's policy includes the use of derivatives, only for the purposes of hedging and without resorting to complex structures.

Financial risks

Price fluctuation risk

The results of the Saras Group are influenced by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the prices of the raw materials, principally crude oil). In addition, to carry out production, the Saras Group is required to maintain adequate inventories of crude oil and finished products, and the value of these inventories is subject to fluctuations in market prices.
Also subject to fluctuations is the selling price of electricity produced and sold by our subsidiaries, as are the prices of green certificates and emissions credits.
The risk of fluctuations in prices and related cash flows is closely linked to the very nature of the business and can be only partly mitigated through the use of appropriate risk management policies, including agreements to refine oil for third parties at partially preset prices. To mitigate the risks deriving from price fluctuations, the Saras Group also takes out derivative contracts on commodities.

Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the prices for the procurement of crude oil and for the sale of the vast majority of refined oil products are expressed in US dollars. To reduce both the exchange rate risk for transactions that will be executed in the future, and the risk originating from payables and receivables expressed in currencies other than the functional currency, Saras also uses derivative instruments.

Interest rate risk

Loans at variable interest rates expose the Group to the risk of fluctuations in results and in cash flows, due to interest payments. Loans at fixed interest rates expose the Group to the risk of fluctuation of the fair value of the loans received. The principal existing loan contracts are in part at variable market rates and in part at fixed rates. The Saras Group also uses derivative instruments to reduce the risk of fluctuations in results and in cash flows deriving from interest.

Credit risk

The refining sector represents the Group's main market and is principally made up of multinational companies operating in the oil sector. Transactions executed are generally settled very quickly and are often guaranteed by leading credit institutions. Sales in the retail and wholesale markets are small on an individual basis; nonetheless, also these sales are usually guaranteed or insured.

Liquidity risk

The Group finances its activities both through the cash flows generated from operating activities and through the use of externally-sourced financing, and is therefore exposed to liquidity risk, comprising the capacity to source adequate lines of credit as well as to fulfil contractual obligations deriving from the financing contracts entered into.

The capacity for self-financing, together with the low level of debt, leads us to consider that liquidity risk is moderate.

Other risks

Risk related to the procurement of crude oil

A relevant portion of the crude oil refined by Saras originates from countries exposed to political, economical and social uncertainties that are higher than in other countries: changes in legislation, political or economic changes and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potential negative effects on the Group's results and financial position.

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia, and on the adjoining IGCC plant. This activity is subject to the risks of accident and of interruption due to unscheduled plant shutdowns.

Saras believes that the complexity and modularity of its systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition, Saras has a major programme of insurance cover in place to offset such risks. However, under certain circumstances, this programme may not be sufficient to prevent the Group from incurring costs in the event of accidents and/or interruption to production.

Environmental risk

The activities of the Saras Group are regulated by many European, national, regional and local laws regarding the environment.
The highest priority of the Saras Group is to conduct its activity with the utmost respect for the requirements of environmental legislation. The risk of environmental liability is, however, inherent in our activity, and it is not possible to say with certainty that new legislation will not impose further costs in the future.

Regulatory risk

The subsidiary Sarlux Srl sells the electricity generated to GSE (the Italian national grid operator) at the conditions specified by the legislation in force (Law No. 9/1991, Law No. 10/1991, CIP resolution No. 6/92 and subsequent modifications, law No. 481/1995) which remunerate the electricity produced by plants powered by renewable and assimilated sources based on the avoided fuel costs and on time-limited incentives linked to actual production. The risk is therefore linked to possible unfavourable modifications to the legislation, which could have significant negative effects.

Dependence on third parties

The IGCC plant, owned by the subsidiary Sarlux Srl, depends on raw materials derived from crude oil, supplied by Saras, and on oxygen supplied by Air Liquide Italia. If these supplies should fail, Sarlux would have to locate alternative supplies, which the company may not be able to find, or to source on similar terms.

Protection of Personal Data

Pursuant to the provisions of Legislative Decree 196 of the 30th June 2003 "Norms related to the protection of sensitive personal data", the Group has adopted all minimum safety measures required in Annex B to the Decree (Article 34); in particular, the Safety Policy Document (DPS), as required by item 19 of the above mentioned Annex B, was updated on 31st March 2012.

Other Information

Own shares

During FY 2014 Saras SpA did not purchase or sell any treasury shares on the Italian Stock Exchange. Therefore, as of 31st December 2014 Saras SpA held a total number of 19,245,774 own shares, which corresponds to 2.024% of the issued share capital.

Buyback programme

The Shareholders' Meeting of Saras SpA held on 28th April 2014 resolved to revoke, for the part not yet executed, the authorisation for the buyback programme of own shares approved by the Shareholders' Meeting held on 24th April 2013, which would have naturally expired on the 26th October 2014. However, in recognition of the importance of such instrument, the Shareholders' Meeting resolved to approve a new authorisation for a buyback programme of Saras SpA ordinary shares, pursuant to Art. 2357 of the Italian Civil Code, and to Art. 132 of Legislative Decree no. 58/1998 (the Consolidated Finance Act, also know as "TUF"), up to the maximum number of shares permitted by law, which is equal to 20% of the issued share capital, also taking into account the own shares already held in treasury by the Company.

Since the shares already held in treasury by the Company, as of the resolution dated 28th April 2014, were equal to 19,245,774 (corresponding to 2.02% of the issued share capital), the maximum number of own shares which can be purchased under the new buyback programme is equal to 170,954,226 (corresponding to approx. 17.98% of the share capital). The new buyback programme could be implemented also in several stages as appropriate, and shall take place within the eighteen (18) months following the authorisation resolution approved by the Shareholders' Meeting, i.e. within the eighteen months following the 28th April 2014.

At the same time, the Shareholders' Meeting approved also the disposal of the shares purchased under the above buyback programme, to be implemented also in various stages as appropriate, pursuant to Art. 2357-ter of the Italian Civil Code.

The aim of the new buyback programme is to provide the Company with own shares to be used in the following ways:

- to implement (i) the 2013-2015 Stock Grant Plan, approved by the Shareholders' Meeting of 24th April 2013, (ii) any amendment to the 2013-2015 Stock Grant Plan or any future share plan of a similar nature, and (iii) any stock option plan that the Company may decide to adopt;

- as part of transactions related to current operations and industrial projects or other investments in line with the strategic guidelines that the Company plans to pursue, including trading, exchange, transfer, sale or any form of disposal of own shares for the acquisition of equity interests or share packages, or for business projects or other extraordinary financing operations involving the allocation or disposal of own shares;

- to carry out activities aimed at improving the liquidity of the Company's shares and managing the volatility of their market price and, in particular, to intervene in share price movements in unusual market situations to facilitate share trading at times of scarce market liquidity and to promote the normal trading of shares, unless it is necessary to use all the own shares for the purposes described above, and in any event within the limits set by current laws and regulations and, as appropriate, in accordance with the market practice permitted pursuant to article 180, paragraph 1(c) of the TUF concerning activities to support market liquidity.

Finally, it should be specified that the purchase of own shares, within the new buyback programme authorised by the Shareholders' Meeting, is not related to the reduction of the issued share capital, and therefore the shares purchased will not be cancelled. The start of the buyback operations will be eventually communicated, pursuant to Article 144-*bis*, paragraph 3 of CONSOB Resolution No. 11971/1999 and subsequent amendments (the Issuers' Regulations).

Stock Grant Plans

On 24th April 2013, the Ordinary Shareholders' Meeting approved a plan to grant free company shares to management of the Saras Group (the "Stock Grant Plan 2013-2015"), assigning to the Board of Directors all the powers necessary and appropriate to implement the Plan. The recipients of the Plan are the Directors with strategic responsibilities within the Company; the Directors of the Board of Italian and/or foreign subsidiaries controlled by the Company, and some other eligible top executives within the Group, including those with an independent employment contract.

Each beneficiary is assigned the right to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of companies belonging to the FTSE Italia Mid Cap Index (the "Peer Group"). The TSR is calculated as the change in the value of Saras shares and the shares of the Peer Group during the three-year period 2013-2015. The change shall be calculated considering the initial value (average of the daily quotations in the Italian Stock Exchange for the relevant shares in the period 1st October – 31st December 2012) and the final value (average of the daily quotations in the Italian Stock Exchange for the relevant shares in the period 1st October – 31st December 2015).

The maximum number of shares covered by the Stock Grant Plan 2013-2015 is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.

Transactions with Related Parties

At the end of the year 2014, the effect on the Saras Group's Balance Sheet and Income Statement deriving from transactions or positions with related parties was not significant. For further details please refer to the Notes to the Consolidated Financial Statements, chapter 7.4 "Transactions with Related Parties".

Use of financial instruments

Details can be found in the Notes to the Consolidated Financial Statements, chapter 7.5.3 "Additional disclosures".

Research and Development

In FY 2014 Saras did not undertake meaningful research and development activities, therefore no significant cost were capitalized or accounted for in the Income Statement. For further details please refer to the Notes to the Consolidated Financial Statements, chapter 5.2.2 "Intangible Assets."

Segment information by geographic area

Information on the supply market for crude oil and the sale market for refined products are available in chapter 4 "Information by business segment and geographical area" of the Notes to the Consolidated Financial Statements.

Non-recurring and unusual Transactions

Except for the acquisition of Versalis' business branch described in details both in the previous chapters and also in the Notes to the Financial Statements, during the year there were no activities originated from non-recurring and unusual transactions, and there are no open positions originating from such transactions.

Information of Shareholdings held by members of the Board of Directors, Statutory Auditors and senior Management

Details are available in the in Notes to the Financial Statements of Saras SpA, chapter 7.5.2 "Shareholdings held by members of the Board of Directors, Statutory Auditors, General Manager and senior Management with strategic responsibilities".

Adoption of the fiscal consolidation

Details are available in chapter 3.2 "Summary of accounting standards and policies" of the Notes to the Consolidated Financial Statements, in paragraph X "Taxes".

Reconciliation between Group Consolidated Net Result and Shareholders' Equity

The reconciliation between the Consolidated Net Result and the Group Shareholders' Equity, and those of the Parent Company is detailed in the table below.

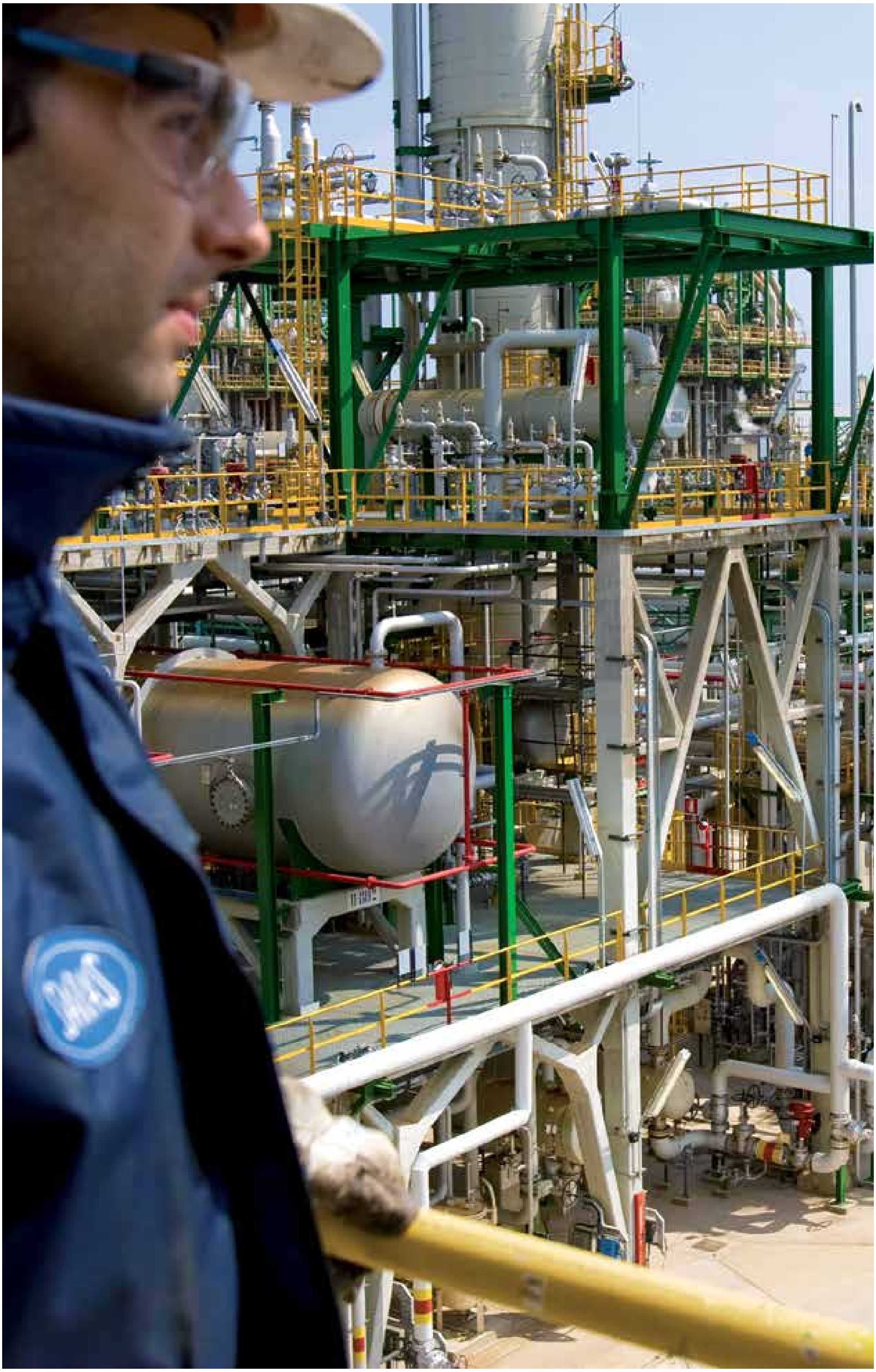
Thousand EUR	Net Result	Shareholders' Equity
As per Saras SpA's Separate Financial Statements as of 31st Dec 2014	**(328,873)**	**238,523**
Differences between book value and Shareholders' Equity as of 31st Dec 2014 of shareholdings valued at cost in Saras' SpA Separate Financial Statements	67,041	422,018
Eliminations of intergroup margins on inventories	(15)	(812)
As per the Consolidated Financial Statements as of 31st Dec 2014	**(261,847)**	**659,743**

Main events after the end of FY2014

On **February 11th 2015**, the Italian Constitutional Court declared that the so called "Robin Tax" is illegitimate, as of the first day following the publication of the Court's sentence in the Official Gazette of the Italian Republic (i.e. the official journal of record of the Italian government). The Robin Tax, a corporate tax surcharge introduced with Decree Law 112/2008, applied only to the energy sector, with a tax rate which changed over the years and was equal to 6.5% in the year 2014. Given that this tax could not be offset in the Group's tax consolidation, the companies of the Group reporting tax or tax liabilities/assets, accumulated total "Tax Assets" worth approx. EUR 55 m over the years when the tax was applicable. For the effects of such sentence on FY 2014 Financial Statements, please refer to the Notes to the Consolidated Financial Statements and the Notes to the Separate Financial Statements of Saras SpA, paragraphs 5.2.4.

On **March 3rd 2015**, the State Council ruled in favour of Sarlux in the dispute with the Authority for the Electricity and Gas (AEEG - Autorità per l'Energia Elettrica e il Gas), the Equalisation Fund for the Electricity Sector (CCSE – Cassa Conguaglio per il Settore Elettrico) and the National Grid Manager (GSE – Gestore dei Servizi Energetici), with regard to the existence of the conditions required in order to ascertain the nature of cogeneration plant of the IGCC plant owned and operated by Sarlux, during the years from 2002 until 2005 included, and to the consequent obligation for Sarlux to purchase Green Certificates. Following this ruling, the GSE shall to reimburse Sarlux for the amount spent to purchase Green Certificates in the afore-mentioned years (EUR 31,937,000), and simultaneously Sarlux shall reimburse the CCSE for the amount of the partial refund, as established by article 7bis of the CIP6/92 contract (EUR 14,236,000). The net result of the above reimbursements will be equal to EUR 17,701,000 in favour of Sarlux.

On March 6th 2015, Saras SpA signed a term loan contract with a principal amount of EUR 150 million. The term loan has been arranged by Banca IMI as "*Mandated Lead Arranger & Bookrunner*" and Agent Bank, and was underwritten by Intesa Sanpaolo, Banca Popolare di Milano, Banca Monte dei Paschi di Siena, Banco Popolare, and UBI Banca. The term loan will be used for general corporate purposes, and will be repaid according to an amortisation plan with final maturity on 6th March 2019.



Saras Group Consolidated Financial Statements
for the year ended 31st December 2014

Consolidated statement of Financial Position: as of 31st December 2014 and 31st December 2013

EUR thousand			31/12/2014	31/12/2013
ASSETS	(1)	(2)		
Current assets	**5.1**		**2,240,608**	**2,287,407**
Cash and cash equivalents	5.1.1	A	633,544	506,827
Other financial assets	5.1.2	B	294,514	46,279
Trade receivables	5.1.3	C	426,816	670,818
of which from related parties:			*112*	*108*
Inventories	5.1.4	D	670,065	926,063
Current tax assets	5.1.5	E	78,264	48,950
Other assets	5.1.6	F	137,405	88,470
Non-current assets	**5.2**		**1,621,400**	**1,526,124**
Property, plant and equipment	5.2.1	H,I	1,121,128	1,217,425
Intangible assets	5.2.2	J	286,134	97,083
Other equity interests	5.2.3.1	L	502	505
Deferred tax assets	5.2.4	X	208,511	205,560
Other financial assets	5.2.5	M	5,125	5,551
Total assets			**3,862,008**	**3,813,531**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**5.3**		**2,506,190**	**2,014,985**
Short-term financial liabilities	5.3.1	R	550,119	180,970
Trade and other payables	5.3.2	R	1,714,284	1,605,867
of which to related parties:			*116*	*251*
Current tax liabilities	5.3.3	X	168,664	168,472
Other current liabilities	5.3.4	R	73,123	59,676
Non-current liabilities	**5.4**		**696,075**	**877,344**
Long-term financial liabilities	5.4.1	R	276,595	385,780
Provisions for risks and charges	5.4.2	P, AA	72,033	42,978
Provisions for employee benefits	5.4.3	Q	12,011	19,906
Deferred tax liabilities	5.4.4	X	4,236	3,641
Other non-current liabilities	5.4.5	R	331,200	425,039
Total liabilities			**3,202,265**	**2,892,329**
SHAREHOLDERS' EQUITY	**5.5**	**N,O,W**		
Share capital			54,630	54,630
Legal reserve			10,926	10,926
Other reserves			856,034	1,126,726
Profit/(loss) for the year			(261,847)	(271,080)
Total equity attributable to owners of the Parent company			**659,743**	**921,202**
Minority interests			0	0
Total equity			**659,743**	**921,202**
Total liabilities and shareholders' equity			**3,862,008**	**3,813,531**

(1) Please refer to the Notes to the Consolidated Financial Statements, chapter 5 "Notes to the Financial Position"

(2) Refer to the Notes, chapter 3.2 "Summary of accounting standards and policies"

Consolidated Income Statement for the periods: 1st January - 31st December 2014 and 2013

EUR thousand	(1)	(2)	01/01/2014 31/12/2014	of which non recurring (3)	01/01/2013 31/12/2013	of which non recurring
Revenues from ordinary operations	6.1.1	S	10,103,123		11,106,282	
Other income	6.1.2	S	168,587	57,700	123,682	23,573
of which from related parties:			136		116	
Total revenues			**10,271,710**	**57,700**	**11,229,964**	**23,573**
Purchases of raw materials, spare parts and consumables	6.2.1	T	(9,841,780)		(10,484,447)	
Cost of services and sundry costs	6.2.2	T, AA	(531,024)		(542,693)	
of which from related parties:			*(1,324)*		*(1,102)*	
Personnel costs	6.2.3	Q,T	(135,923)	(6,750)	(131,243)	
Depreciation, amortisation and write-downs	6.2.4	H,J	(227,371)	(26,549)	(193,287)	
Write-offs and reversals of write-offs for Sarlux\GSE contract			180,000	180,000	(232,455)	(232,455)
Total costs			**(10,556,098)**	**146,701**	**(11,584,125)**	**(232,455)**
Operating results			**(284,388)**	**204,401**	**(354,161)**	**(208,882)**
Net income/(charges) from equity interests		K, L				
Financial income	6.3	U	406,491		209,285	
Financial charges	6.3	U	(383,941)		(238,724)	
Profit/(loss) before taxes			**(261,838)**	**204,401**	**(383,600)**	**(208,882)**
Income tax for the year	6.4	X	(9)	(118,538)	112,520	60,575
Net profit/(loss) for the year			**(261,847)**	**85,863**	**(271,080)**	**(148,307)**
Net profit/(loss) for the year attributable to:						
Owners of the Parent Company			(261,847)		(271,080)	
Minority interests			0		0	
Earnings per share - basic (EUR cent)		**Z**	**(28.31)**		**(29.29)**	
Earnings per share - diluted (EUR cent)		**Z**	**(28.31)**		**(29.29)**	

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS: 1ST JANUARY - 31ST DECEMBER 2014 AND 2013

Net result for the year (A)		**(261,847)**		**(271,080)**
Items included in comprehensive income which will be reclassified subsequently to profit or loss (when specific conditions are met)				
Effect of translation of F/S in foreign currency	V	3		(54)
Items included in comprehensive income which will not be reclassified subsequently to profit or loss (when specific conditions are met)				
IAS 19 actuarial effect on end-of-service payments	Q, T	(1,144)		(171)
Income / (loss), net of fiscal effect (B)		**(1,141)**		**(225)**
Consolidated Comprehensive Result for the year (A + B)		**(262,988)**		**(271,305)**
Net consolidated Comprehensive Result for the year attributable to:				
Owners of the Parent Company		(262,988)		(271,305)
Minority interests		0		0

(1) Please refer to the Notes to the Consolidated Financial Statements, chapter 6 “Notes to the Income Statement”

(2) Refer to the Notes, chapter 3.2 “Summary of accounting standards and policies”

(3) Non-recurring items include the effect of the acquisition of the Versalis business (section 4.1), the revaluation of the contract between Sarlux and GSE (section 5.2.2), depreciation of tangible assets (section 5.2.1), extraordinary costs related to employees (Mobilità) and the effect of the abolition of the Robin tax (section 5.2.4)

Statement of Changes in Consolidated Shareholders' Equity: from 31st December 2012 to 31st December 2014

EUR thousand	Share Capital	Legal reserve	Other reserve	Profit/ (Loss)	Total equity attributable to owners of the Parent Company	Minority interests	Total equity
Balance as of 31/12/2012	**54,630**	**10,926**	**1,219,718**	**(88,576)**	**1,196,698**	**0**	**1,196,698**
Period 1/1/2013 - 31/12/2013							
Appropriation of previous year's profit			(88,576)	88,576	0		0
Purchase of own shares			(5,943)		(5,943)		(5,943)
Reserve for employee share plan			1,654		1,654		1,654
Reversal of deferred tax asset (4% Robin tax) on 2012 actuarial effect of IAS 19			98		98		98
Effect of translation of F/S in foreign currency			(54)		(54)		(54)
IAS 19 actuarial effect			(171)		(171)		(171)
Net profit/(loss) for the year				(271,080)	(271,080)		(271,080)
Total comprehensive profit/(loss) for the year			*(225)*	*(271,080)*	*(271,305)*		*(271,305)*
Balance as of 31/12/2013	**54,630**	**10,926**	**1,126,726**	**(271,080)**	**921,202**	**0**	**921,202**
Period 1/10/2014 - 31/12/2014							
Appropriation of previous year's profit			(271,080)	271,080	0		0
Reserve for share plan			1,529		1,529		1,529
Effect of translation of F/S in foreign currency			3		3		3
IAS 19 actuarial effect			(1,144)		(1,144)		(1,144)
Net profit/(loss) for the year				(261,847)	(261,847)		(261,847)
Total comprehensive profit/(loss) for the year			*(1,141)*	*(261,847)*	*(262,988)*		*(262,988)*
Balance as of 31/12/2014	**54,630**	**10,926**	**856,034**	**(261,847)**	**659,743**	**0**	**659,743**

Consolidated Cash Flow Statement as of: 31st December 2014 and 31st December 2013

EUR thousand	(1)	(2)	01/01/2014 31/12/2014	01/01/2013 31/12/2013
A - Cash and cash equivalents at the beginning of the year			**506,827**	**302,950**
B - Cash generated from/(used in) operating activities				
Net Profit / (Loss) for the year	5.5		(261,847)	(271,080)
Unrealised exchange losses/(gains) on bank accounts			(1,505)	1,832
Amortisation, depreciation and write-downs	6.2.4	K, J	227,371	193,287
Write-offs and reversals of write-offs for Sarlux\GSE contract	6.2.5		(180,000)	232,455
Grants booked to income statement	6.1.2		0	(23,573)
Net change in provisions for risks and charges	5.4.2	P, AA	13,855	(9,413)
Net change in employee benefits	5.4.3	Q	(8,612)	(2,919)
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	X	(2,356)	(118,652)
Net interest income (expense)		U	39,849	33,633
Accrued income tax	6.4	X	2,365	6,132
Change in fair value of derivatives, green and white certificates	5.1.2 - 5.3.1		(55,990)	(26,990)
Negative goodwill from Versalis acquisition (charged to Profit & Loss)	4.1		(57,700)	
Other non cash items	5.5		385	1,581
Profit (Loss) before changes in working capital			**(284,185)**	**16,293**
(Increase)/Decrease in trade receivables	5.1.3	C	244,002	149,397
of which from related parties:			*(4)*	*(1)*
(Increase)/Decrease in inventory	5.1.4	D	273,203	(5,172)
Increase/(Decrease) in trade and other payables	5.3.2	R	106,575	211,525
of which to related parties:			*135*	*(97)*
Change in other current assets	5.1.5 - 5.1.6	F	(71,736)	(9,485)
Change in other current liabilities	5.3.3 - 5.3.4	R	12,231	11,005
Interest received		U	219	731
Interest paid		U	(36,037)	(32,705)
Tax paid	5.3.2	X	(2,276)	(20,168)
Change in other non-current liabilities	5.4.5	R	(93,839)	2,339
Total (B)			**148,157**	**323,760**
C - Cash flow from/(used in) investing activities				
(Investments) in tangible and intangible assets	5.2.1-5.2.2	H, I	(121,322)	(106,690)
- of which interest paid capitalized			*0*	*(5,528)*
Other non cash items			0	0
Cashflow from Versalis acquisition	4.1		40,773	
(Investments)/disinvestments in other share holdings	5.2.1-5.2.2	L	3	21
Change in other financial assets	5.1.2	B	(25,647)	43,133
Total (C)			**(106,193)**	**(63,536)**
D - Cash generated from/(used in) financing activities				
Increase/(Decrease) in medium/long term borrowings	5.4.1	R	173,727	0
Increase/(Decrease) in short term borrowings	5.3.1	R	(52,791)	(13,402)
(Decrease) in short term financial debts due to repayments			(37,688)	(35,170)
Dividends and buy-backs of own shares			0	(5,943)
Total (D)			**83,248**	**(54,515)**
E - Cashflow for the year (B+C+D)			**125,212**	**205,709**
Unrealised exchange losses/(gains) on bank accounts			1,505	(1,832)
F - Cash and cash equivalents at the end of the year			**633,544**	**506,827**

(1) Please refer to the Notes to the Consolidated Financial Statements, chapter 5 "Notes to the Financial Position"

(2) Refer to the Notes, chapter 3.2 "Summary of accounting standards and policies"

For the Board of Directors - The Chairman
Gian Marco Moratti

Notes to the Consolidated Financial Statements for the year ended 31st December 2014

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6. Notes to the Consolidated Income Statement

7. Additional disclosures

8. Publication of the Consolidated Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31st December 2014

1. Preliminary remarks

Saras SpA (the "Parent Company") is a company limited by shares listed on the Milan stock exchange. Its registered office is at S.S. 195 Sulcitana, Km 19, Sarroch (CA), Italy. It is jointly controlled by Gian Marco Moratti SAPA. and Massimo Moratti SAPA which own 25.01% each and 50.02% jointly of the share capital of Saras SpA (excluding own shares), under the shareholders' agreement signed by the two companies on 1st October 2013. The Company is established, as stated in its incorporation documents, until 31st December 2056.

Saras SpA operates in the Italian and international oil markets as a buyer of crude oil and a seller of finished products. The Group's activities include the refining of crude, the production and sale of electricity via an integrated gasification combined-cycle (IGCC) plant operated by its subsidiary Sarlux Srl, and a wind farm run by the subsidiary Parchi Eolici Ulassai Srl (via the subsidiary Sardeolica Srl).

These consolidated financial statements for the year ended 31st December 2014 are presented in euro, since this is the currency of the economy in which the Group operates. They consist of a statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the financial statements. All amounts shown in these notes are expressed in thousands of euro, unless otherwise stated.

2. General criteria for the preparation of the consolidated financial statements

The consolidated financial statements of the Group for the year ended 31st December 2014 were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19th July 2002.

The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Commission as of the date the draft consolidated financial statements of the Group and separate financial statements of Saras SpA were approved by its Board of Directors, and set out in the relevant EU regulations published as of that date.

In accordance with Consob Resolution 15519 of 27th July 2006, the consolidated financial statements have been prepared using the following criteria, which are considered to provide a more complete picture of the Group's assets, liabilities and financial position.

- Statement of financial position: assets and liabilities are divided into current and non-current items, according to liquidity;
- Income statement and statement of comprehensive income: items are presented according to their nature;
- Cash flow statement: items are presented using the indirect method, which differentiates between cash flows generated from operating, investing and financing activities.

The accounting standards shown below have been applied consistently to all the periods reported.

In order to make the statement of financial position more representative, in these consolidated financial statements the item "Other financial assets held for trading" has been renamed "Other financial assets" and the content expanded. Some items previously included under "Other current assets" have been classified as "Other financial assets", and for comparison purposes the 2013 items have also been reclassified. For further details, see note 5.1.2.

3. Accounting standards applied

The IASB and IFRIC have approved some changes to and interpretations of IFRS, which were published in part in the Official Journal of the European Union and applied for the first time to annual periods beginning on or after 1st January 2014. They have also approved some changes in interpretations already issued but applicable to financial statements relating to periods beginning on or after 1st January 2014.

Relevant accounting standards, amendments and interpretations applicable from 1st January 2014

The following accounting standards, amendments and interpretations have been applied by the Group for the first time as of 1st January 2014:

IFRS 10 - Consolidated Financial Statements. This standard replaces SIC-12 Consolidation – Special Purpose Entities (SPVs) and some parts of IAS 27 - Consolidated and Separate Financial Statements, whose title was changed to IAS 27 - Separate Financial Statements and governs the accounting treatment of equity investments in the separate financial statements. The new IFRS 10 identifies the concept of control as the factor that determines whether or not a company should be consolidated into the Parent Company's consolidated financial statements, and provides guidance on determining the existence of control in difficult cases. This standard has not had a significant impact on the information included in these financial statements.

Transition guidance (IFRS 10, IFRS 11, IFRS 12), on 28th June 2012, the IASB issued "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities", which clarifies and simplifies the transition requirements for IFRS 10, IFRS 11 and IFRS 12. This standard has not had a significant impact on the information included in these financial statements.

IFRS 11 - Joint Arrangements. This standard replaces IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The new standard sets out the criteria for identifying joint arrangements based on the rights and obligations arising from the agreement rather than on the legal form of the agreement itself, and establishes that equity investments in jointly controlled entities may only be accounted for in the consolidated financial statements using the equity method. This standard has not had a significant impact on the information included in these financial statements.

IFRS 12 - Disclosure of Interests in Other Entities. This standard describes the additional information to be disclosed about equity investments (subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities). This standard has not had a significant impact on the information included in these financial statements.

IAS 27 - Consolidated and Separate Financial Statements. The amendment to IAS 27 sets out the standards to be applied when accounting for investments in subsidiaries, joint ventures and associates when preparing separate financial statements after the introduction of IFRS 10. This amendment has not had a significant impact on the information included in these financial statements.

IAS 28 - Investments in Associates and Joint Ventures. The amendment to IAS 28 (as amended in 2011) sets out the criteria for applying the equity method when accounting for investments in associates and joint ventures. The standard has not had an impact on these financial statements.

IFRIC 21 - Levies. The interpretation published on 20th May 2013 by the IASB applies to financial statements beginning on or after 1st January 2014. IFRIC 21 is an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, which stipulates one of the criteria for detecting a liability as the entity having a current liability due to a past event (i.e. an obligating event). The interpretation clarifies that the obligating event that gives rise to the recognition of a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. This interpretation has not had a significant impact on these financial statements.

Amendments to IAS 32 - Financial Instruments: Presentation. The amendments clarify certain requirements for offsetting financial assets and financial liabilities. The amendments, published by the IASB in December 2011, were adopted by the European Commission in December 2012 and apply to periods beginning on or after 1st January 2014. The amendments have not had a significant impact on these financial statements.

Amendments to IAS 36 - Impairment of Assets. The amendments introduce slight changes to the disclosures required under IAS 36, when the recoverable amount is determined using fair value less costs of disposal. When issuing IFRS

13 - Fair Value, the IASB also introduced some amendments to IAS 36.
One of the amendments has had a greater impact than the IASB originally intended. Therefore, in addition to correcting this issue, this amendment requires additional disclosures regarding fair value when there has been value impairment or reversal. The amendment specifically:

- removed the obligation to indicate the book value of goodwill and intangible assets with an indefinite useful life when a CGU contains goodwill or an intangible asset with an indefinite useful life when there has not been impairment;
- requires disclosure of the recoverable value of an asset or a CGU when an impairment or a reversal has been reported;
- requires detailed disclosure of how the fair value net of costs of disposal has been measured when an impairment has or a reversal has been reported.

This amendment has not had a significant impact on these financial statements.

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting. The amendments have introduced an exception to the requirements for hedge accounting to be terminated in the event of novation of OTC derivatives with a central counterparty. The amendment specifically establishes that it is not necessary to discontinue hedge accounting in the case of a "novated or changed" derivative that has been designated as a hedging instrument if the following conditions are met:

- if, as a consequence of laws and regulations, the parties to a hedging instrument agree that a central counterparty is the new counterparty of the OTC;
- if, as a consequence of laws and regulations, one or more counterparties replace the original counterparty to become their new counterparty;
- if any other changes in the hedging instrument are limited to those necessary to effect such a replacement of the counterparty.

The changes introduced by the amendment therefore clarify that is possible to continue to recognise "novated" hedging derivatives when the replacement or rollover of the derivative into another hedging instrument is not an expiration or temination of the previous instrument. The clarification defines the stringent criteria for establishing whether such a replacement or rollover is a termination, interruption or continuation of the contractual effects of the original derivative.
This amendment has not had a significant impact on these financial statements.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

IFRS 9 - Financial Instruments The IASB issued this standard on 12th November 2009. At the reporting date, the IASB had not set the effective date for the standard and the competent bodies of the European Union had not yet completed the endorsement process necessary for the application of the amendment. The amendments concern the reporting and measurement criteria for financial assets and the related classification in the financial statements. Among other things, the new provisions establish a model for classifying and measuring financial assets based solely on the following categories: (i) assets measured at amortised cost; (ii) assets measured at fair value. The new provisions also require equity investments other than those in subsidiaries, joint ventures or affiliates to be carried at fair value through profit or loss. Where such investments are not held for trading, fair value changes may be recognised in the statement of comprehensive income, with only the effects of the distribution of dividends being recognised in the income statement. When the investment is sold, the amounts carried in the statement of comprehensive income do not need to be recognised in the income statement. Furthermore, on 28th October 2010, the IASB incorporated new requirements into IFRS 9, including the criteria for recognising and measuring financial liabilities. Among other things, the new provisions specifically require that, when a financial liability is measured at fair value through profit or loss, changes in fair value due to changes in the issuer's credit risk (known as "own credit risk") must be recognised in the statement of comprehensive income. This component is recognised in the income statement in order to ensure a matching presentation of the other items relating to the liability, and that there is no accounting mismatch.
The Group is currently evaluating the impact that the new standard may have on future financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle The following amendments have been made in the 2010-2012 annual improvements:

- **IFRS 2:** The definition of "vesting conditions" has been clarified, and definitions of "service conditions" and "performance conditions" have been introduced.
- **IFRS 3:** The standard has been amended in order to clarify that the obligation to pay a contingent consideration comes under the definition of a financial instrument and must be classified as a financial liability or as an equity item based on the indications provided in IAS 32. It has also been clarified that, unlike equity instruments, obligations to pay a contingent consideration are measured at fair value at the reporting date, and any changes recognised in the income statement.

- **IFRS 8:** The amendment requires information to be given about the measurements carried out by management when aggregating operating segments, specifying the segments that have been aggregated and the economic indicators that have been assessed in order to determine that the aggregated segments have similar economic characteristics. The standard has also been amended to require that the notes to the financial statements include a reconciliation between the assets of operating segments and the total assets in the statement of financial position (the information must be provided only if information is provided about the assets of the operating segments).
- **IAS 16** and **IAS 38:** both standards have been amended to clarify the accounting treatment of historical cost and the accumulated depreciation or amortisation of a fixed asset when an entity applies the revalued cost model. It has been clarified that the alignment of the account carrying amount to the revalued amount can be carried out in two ways; a) the gross value of the asset is revalued and the value of the accumulated depreciation or amortisation is revalued, if necessary proportionately; b) the accumulated depreciation or amortisation is offset against the gross value of the asset.
- **IAS 24:** The amendment introduced sets out the information to be provided when a third party provides key management personnel services to the reporting entity.

At the moment, it is expected that adopting these amendments will not have a significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle The following amendments have been made in the 2011-2013 annual improvements:

- **IFRS 3:** The amendment clarifies that IFRS 3 is not applicable when recognizing accounting impact of setting up a joint venture or joint operation (as defined by IFRS 11) in the financial statements of the joint venture or joint operation.
- **IFRS 13:** It has been clarified that the provision of IFRS 13 according to which it is possible to measure the fair value of a group of financial assets and liabilities on a net basis applies to all the contracts (including non-financial contracts) covered by IAS 39 or IFRS 9.
- **IAS 40:** The amendment introduced clarifies that the provisions of IFRS 3 must be referred to when determining when the purchase of an investment property constitutes a business combination.

It is currently believed that adopting these amendments will not have a significant impact on the Group's financial statements.

The IASB also issued the following amendments, for which the European Union had not completed the endorsement process by the date of these financial statements.

Investment entities (**IFRS 10**; **IFRS 12** and **IAS 27**): on 31st October 2012, the IASB issued the document "Investment Entities", which regulates the activities carried out by specific types of companies classified as investment entities. The IASB considers investment entities to be companies that invest with the sole capital appreciation or investment income or both. The provisions will be effective from financial years beginning on or after 1st January 2014.

The amendment to IAS 19 - Employee Benefits concerns the accounting purpose for defined benefit plans involving contributions from third parties or employees.

The plan to revise the accounting standard on financial instruments was completed with the issue of the full version of **IFRS 9 - Financial Instruments**. The new provisions amend the way financial assets are classified and measured. They introduce the concept of expected loss among the variables to take into consideration in the measurement and writing down of financial assets, and amend the provisions on hedge accounting. The provisions will be effective from financial years beginning on or after 1st January 2018.

IFRS 15 - Revenue from Contracts with Customers: the standard requires companies to recognise revenue when control of the goods or services, the customer obtains control at an amount that reflects the consideration which is expected to be received in exchange for such goods or services. The standard replaces IAS 18, IAS 11 and the following interpretations: IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. It applies to all contracts with customers except for agreements that come within the scope of IAS 17, IFRS 4 or IAS 39/IFRS 9.

IFRS 14 - Regulatory Deferral Accounts concerns rate regulated activities, i.e. sectors subject to rate regulation. It only allows first-time adopters of IFRS to continue to recognise regulatory deferral account balances according to the previous accounting standards used. In order to improve comparability with entities applying IFRS that do not recognise these amounts, the standard requires the effect of rate regulation to be presented separately from other items.

IAS 16 - Property, Plant and Equipment and IAS 38: The IASB has clarified that a depreciation process based on revenue cannot be applied to property, plant and equipment, as this method is based on factors that do not represent the effective consumption of the economic benefits of the underlying asset.

Amendments to IAS 27 - Separate Financial Statements: the amendment allows the entity to use the equity method in its separate financial statements to value investments in subsidiaries, joint ventures and associates.

Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations: this amendment requires an entity to adopt IFRS to measure the accounting effects of acquiring an interest in a joint operation that constitutes a business. The document **Disclosure Initiative - IAS 1 Amendments** clarifies some aspects regarding the presentation of financial statements by highlighting the importance of financial statement disclosures and specifying that there is no longer a specific order for the presentation of the notes to the financial statements, as well as introducing the possibility of aggregating or separating financial statement items, so that items considered to be minimum content under IAS 1 can be aggregated if considered not material.

IFRS 9 - Financial Instruments: This standard replaces IAS 39 and contains a model for measuring financial instruments based on three categories: amortised cost, fair value and fair value through OCI. The standard includes a new impairment model that is different from the one currently used in IAS 39 and is mainly based on expected loss.

Finally, the **Annual Improvements to IFRSs 2012-2014 Cycle** should be mentioned. This mainly amends some accounting standards by clarifying some areas that were unclear. They mainly refer to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 - Financial Instruments: Disclosures, IAS 19 - Employee Benefits and IAS 34 - Interim Financial Reporting.

The Group is currently evaluating the impact, if any, of the above standards and amendments on future financial statements.

3.1 Consolidation method

The consolidated financial statements include the statements of the Parent Company and those companies over which it directly or indirectly exercises control, from the date on which control was acquired and until the date on which said control ceases to exist. In particular, control is exercised by virtue of the Parent Company directly or indirectly owning the majority of shares carrying voting rights and due to the exercise of a dominant influence that is expressed in the power to determine, including indirectly and by virtue of any existing contractual or legal agreements, the financial and operating policies of the entities involved, thereby obtaining benefits from their activities, regardless of shareholding relationships. The existence of any potential voting rights that may be exercised at the reporting date is taken into consideration in determining whether control exists.
The financial statements included in the consolidation were drawn up at 31st December and are generally those specifically prepared and approved by the respective Boards of Directors of the individual companies concerned, which are adjusted where necessary for the purposes of consistency with the accounting standards used by the Parent Company.

Subsidiaries that are consolidated on a line-by-line basis and non-consolidated subsidiaries that are included in the Group's basis of consolidation are listed below.

Consolidated on a line-by-line basis	**% owned**
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie SpA	100%
Sarint SA and its subsidiaries:	100%
Saras Energia SA	100%
Reasar SA	100%
Parchi Eolici Ulassai Srl and its subsidiaries:	100%
Sardeolica Srl	100%
Labor Eolica Srl	100%
Alpha Eolica Srl	100%
Other equity interests of insignificant value (valued at cost)	
Consorzio La Spezia Utilities	5%
Sarda Factoring	5,95%

Compared with the previous year, the following changes took place in the Group's corporate reorganisation project:

- Merger into Saras SpA of Arcola Petrolifera Srl. The merger is effective for accounting and tax purposes as from 1st January 2014.
- Merger into Parchi Eolici Ulassai Srl of Ensar Srl. The merger is effective for accounting and tax purposes as from 1st January 2014.
- Sale of the subsidiary Saras Energia Bio SL, the owner of the biofuel production plant at Cartagena held by Saras Energia SAU, which took place on 31st December 2014. The payment for the sale was EUR 12,250 thousand, with a capital gain of EUR 1,125 thousand.

The criteria adopted for the line-by-line consolidation of fully consolidated subsidiaries are as follows:

[I] Assets and liabilities, and income and expense items are reported line by line and a portion of shareholders' equity and net profit is allocated, where applicable, to minority shareholders; these items are shown separately under the relevant headings in consolidated shareholders' equity and in the consolidated statement of comprehensive income;

[II] Business combinations that lead to the control of an entity being acquired are accounted for using the purchase method. The purchase cost equates to the fair value on the date on which the entity's assets and liabilities and any equity instruments issued are acquired. The difference between:

- the amount paid (generally calculated on the basis of its fair value at the acquisition date), and – in the case of a business combination achieved in stages – the fair value at the date of acquisition of control of the equity investment already held in the company; and
- the fair value of the identifiable assets acquired net of the identifiable liabilities assumed, measured at the date control is acquired

is recognised, where the relevant conditions apply, as goodwill on the date that control of the business is acquired; in the case of negative goodwill, this is recognised in the income statement.

[III] Gains and losses arising from transactions between fully consolidated companies, which have yet to be realised with third parties, are eliminated if material, as are any intragroup payables and receivables, costs and revenues, and financial income and charges.

[IV] Gains and losses arising from the disposal (without loss of control) of equity investments in consolidated companies are charged to shareholders' equity for amounts corresponding to the difference between the selling price and the portion of consolidated shareholders' equity effectively transferred. If further acquisitions of equity investments take place without a change in control, the difference between the purchase price and the corresponding portion of shareholders' equity acquired is recognised in shareholders' equity.

Investments in subsidiaries that are not material and are not fully consolidated, in companies over which control is exercised jointly with other companies (joint ventures) and in companies over which the Group exercises significant influence (referred to hereinafter as "associates"), which is presumed to exist when a stake of between 20% and 50% is held, are accounted for using the equity method, except where the application of this method does not impact on the Group's financial position, operating results and cash flows; in such instances, the investment is measured at cost. The way in which the equity method is applied is described below:
The carrying value of an investment is brought into line with the equity of the investee company concerned, adjusted where necessary to reflect the adoption of accounting standards that are consistent with those used by the Parent Company and includes, where applicable, any goodwill identified at the time of the acquisition;

[V] The Group's proportionate share of profits or losses is recognised in the consolidated income statement from the date on which the significant and controlling influence commences until the day it ceases to exist. Should the company, as a result of losses, report negative equity, the carrying value of the investment concerned is cancelled and any surplus attributable to the Group is allocated to a specific provision, only where the Group has undertaken to meet the investee's legal or constructive obligations or in any event to cover its losses. Changes in the shareholders' equity of investee companies that are not allocated to the result posted in the income statement are directly added to or deducted from equity reserves;

[VI] Unrealised gains and losses arising from transactions between the Parent Company and subsidiaries or investee companies are eliminated based on the value of the equity investment held by the Group in the investees. Unrealised losses are eliminated, except where they represent impairment.

The financial statements of the companies included in perimeter of consolidation are prepared using the currency of the main economic environment in which they operate (functional currency). The consolidated financial statements are presented in euro, which is the functional currency of the Parent Company and the presentation currency for the consolidated financial statements. The following rules are followed when translating the financial statements of companies expressed in a currency other than the functional currency into euro:

[I] Assets and liabilities are translated at the applicable exchange rates on the reporting date;
[II] Costs and revenues are translated at the average exchange rate for the year;
[III] The translation reserve includes both exchange rate differences arising from the translation of income statement amounts at an exchange rate other than the year-end rate and those arising from the translation of equity balances at the beginning of the year at an exchange rate other than the year-end rate;
[IV] Goodwill and fair value adjustments relating to the acquisition of a foreign entity are treated as assets and liabilities of that entity and translated at the year-end exchange rate;
[V] When preparing the consolidated cash flow statement, the average exchange rates for the period are used to translate the cash flows of foreign subsidiaries.

3.2 Summary of accounting standards and policies

The consolidated financial statements have been prepared based on the historical cost basis, except in the specific cases described in the notes below, where fair value has been applied.
The main valuation criteria used are described below.

A Cash and cash equivalents
Cash and cash equivalents mainly consist of cash on hand, sight deposits with banks, other short-term, highly liquid investments (convertible into cash within 90 days) and overdraft facilities; the latter are reported under current liabilities. Items listed under net cash and cash equivalents are measured at fair value, and changes are reported in the income statement.

B Other financial assets
Other financial assets are measured at fair value and changes are reported in the income statement under “Financial income” and “Financial charges”, with the exception of green certificates purchased and financial receivables from third parties, which are recognised at amortised cost.
Green certificates are allocated in advance by GSE in respect of the energy expected to be generated from renewable sources in the year and then actually generated; they are booked when the energy is produced.
Green certificates earned are booked under other financial assets with an offsetting entry under “Other income”, in light of GSE’s obligation to withdraw green certificates if the company submits a request before 31st March of the following year. The certificates are valued at the price of withdrawal by GSE, which is considered an adequate approximation of their fair value at the end of the year. Green certificates purchased are recognised at purchase cost, adjusted to year-end fair value, where this is lower.
Decreases due to the sale of green certificates earned in the period or in previous years are valued at the selling price. Capital gains and losses arising from the sale of certificates in financial years other than those in which they earned are recorded under “Other income” or “Costs of services and sundry costs” respectively. Other financial assets also include derivative contracts, which are discussed in the appropriate section below.

C Trade receivables
Trade receivables are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment (in terms of both solvency and the credit risk characteristics of individual debtors), the asset concerned is written down to a carrying value equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

D Inventories
Inventories are recognised at the lower of purchase or production cost and net realisable value at the end of the financial year, represented by the amount that the Group expects to obtain from their sale as part of its ordinary business activities. The cost of crude oil, materials and spare parts is determined by the FIFO method. The cost of oil product inventories is calculated using the weighted average cost of the last quarter.

E Current tax assets
Current tax assets are booked at initial recognition in the amount that is expected to be recovered from the tax authorities, taking into account their expected realisable value. Subsequently, they are recognised at amortised cost based on the effective interest rate method.

F Other assets

Other current assets are measured at fair value on initial recognition. Subsequently they are recognised at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying value equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.
White certificates are awarded on the achievement of energy savings through the application of efficient technology and systems.
White certificates are recognised on an accrual basis under “Other income”, in proportion to the savings, expressed as tons of oil equivalent (TOE), achieved during the year.
The certificates are valued at the average market value for the year, unless the market value at the end of the year is significantly lower. Decreases due to the sale of white certificates allocated in the period or in previous years are recognised at the selling price. Capital gains and losses arising from the sale of certificates in financial years other than those in which they were allocated are recorded under “Other income” or “Costs of services and sundry costs” respectively.

G Derecognition of financial assets and liabilities from the statement of financial position

Financial assets that are transferred are derecognised from the statement of financial position when the right to receive the related cash flows is transferred, together with all risks and benefits associated with ownership, as specified in paragraphs 15-23 of IAS 39. Financial liabilities are derecognised when they are settled and when the Saras Group has transferred all the risks and charges relating to them.

H Property, plant and equipment

Property, plant and equipment is measured at purchase or production cost, less accumulated depreciation and any impairment losses. Cost includes all expenses incurred directly in preparing the assets for use, as well as any disposal and removal charges incurred as a result of contractual obligations. Any interest expenses relating to the construction of tangible assets are capitalised until the asset is ready to be used.
Costs associated with requirements to restore or dismantle plants arising from statutory or contractual obligations are accounted for as an increase in the historical cost of the asset with an offsetting entry in the provisions for risks and future liabilities.

Maintenance and repair charges are charged directly to the income statement in the period in which they are incurred. Costs relating to the expansion, modernisation or improvement of facilities owned by Saras or used by third parties are only capitalised up to the limits within which they fulfil the conditions for separate classification as an asset or part of an asset in accordance with the component approach. Turnaround costs are classified as extraordinary maintenance costs and capitalised in the year in which they are incurred. They are amortised over the expected length of time until the next turnaround. Similarly, the costs of replacing the identifiable components of complex assets are recognised as assets and depreciated over their useful life; the net book value of components thus replaced is charged to the income statement. Government grants relating to capital expenditure are deducted from the purchase price or production cost of the relevant assets when the conditions necessary for receiving them have been met.

The carrying value of property, plant and equipment is depreciated on a straight-line basis from the time an asset is available and ready for use, over its estimated useful life.

The useful life estimated by the Group for each of the various asset categories is as follows:

	I.G.C.C. plant	Other Assets
Buildings	until 2020	18 years
Generic plant	until 2020	12 years
Highly corrosive plant	until 2020	9 years
Thermoelectric plant	until 2020	
Wind farm		10 - 25 years
Transformation stations	until 2020	13 years
Office furniture and machinery		4 years
Vehicles		4 years
Other assets		5 - 12 years
Leasehold improvements		The shorter of the duration of the lease and the asset’s useful life

The useful lives of tangible assets and their net carrying values are reviewed at the end of every year, and adjusted accordingly.

Land is not depreciated.

If an asset to be depreciated consists of separately identifiable components and the useful life of one component differs significantly from that of the others, each component of the asset is depreciated separately in accordance with the component approach.

I Leased assets

Assets held under finance leases, under which all risks and benefits associated with ownership are substantially transferred to the Group, are recognised as Group assets and recorded at their current value or, where lower, at the present value of the minimum lease payments still due. The corresponding liability to the lessor is recognised on the statement of financial position under financial payables. Leased assets are depreciated on the same basis and at the same depreciation rates as those set out above for tangible assets.

Leases under which the lessor substantially retains all the risks and benefits associated with ownership of the assets are treated as operating leases. The costs relating to operating leases are charged to the income statement on a straight-line basis over the term of the lease.

J Intangible assets

Intangible assets are made up of elements that are non-monetary in nature, without physical substance and clearly identifiable (i.e. distinct, able to be separated, dismantled or traded, and deriving from other contractual or legal rights), controlled by the company and capable of generating future economic benefits. These elements are recognised at acquisition and/or production cost, which includes any directly attributable charges incurred in preparing the asset for use, net of accumulated amortisation and any impairment losses. Any interest expenses accrued during and in respect of the development of intangible assets are charged to the income statement. Amortisation commences from the time the asset is available for use and is charged on a straight-line basis over its estimated useful life.

[I] ***Goodwill***

Goodwill is the excess cost (acquisition cost plus the fair value of any minority interests already held at the point when control is acquired) incurred over net fair value, as recorded on the acquisition date, when acquiring assets and liabilities forming businesses or business units. Goodwill relating to investments valued at equity is included in the value of the investments. It is not systematically amortised but instead undergoes a periodic test to ascertain whether the amount carried on the statement of financial position is appropriate. This test is carried out with regard to the cash generating unit to which goodwill is to be allocated. Any reduction in goodwill is recognised where the recoverable amount of goodwill is lower than its carrying value (the recoverable amount is the higher of the fair value of the cash generating unit, less disposal costs, and its value in use, which is the present value of the cash flows expected to be generated in the years during which the cash generating unit is operating and from its disposal at the end of its useful life).
In the event that the impairment emerging from the test is greater than the amount of goodwill allocated to the cash generating unit, the residual amount is in turn allocated to the assets included within the cash generating unit, in proportion to their carrying value. The minimum amount for this allocation is the higher of the following:

- the fair value of the asset, less disposal costs;
- its value in use, as defined above;
- zero.

Where goodwill was previously written down for impairment, the write-down is not reversed.

[II] Patent rights, concessions, licences and software (intangible assets with a finite useful life)

Intangible assets with a finite useful life are amortised on a straight-line basis over their useful life, taken to be the estimated period in which the assets will be used by the company; the recoverability of the carrying value of the assets is ascertained using the same method as that used for the item “Property, plant and equipment”.

[III] Research and development costs

The costs associated with the acquisition of new knowledge or discoveries, the development of alternative products or processes, new techniques or models, the design and construction of prototypes, or those relating to other scientific research or technological development are treated as current costs and charged to the income statement in the period in which they are incurred.

[IV] **Exploration and valuation of mineral resources**
Costs incurred in the exploration and valuation of mineral resources, specifically:

- [A] acquisition of exploration rights;
- [B] photographic, geological, geochemical and geophysical studies;
- [C] explorative drilling;
- [D] digging;
- [E] sampling;
- [F] activities related to the evaluation of the technical and commercial feasibility of mineral resource extraction;

are recorded under tangible or intangible assets according to their nature, as required by IFRS 6. These costs are periodically reviewed in order to determine whether any impairment indicators exist that might suggest that their recoverable value is lower than their carrying value.

K Impairment of assets

At each reporting date, tangible assets and intangible assets with a finite useful life and investments are analysed in order to identify any indicators, originating from both internal and external sources, of impairment. Where such indicators exist, the recoverable value of these assets is estimated and any write-down duly charged to the income statement. The recoverable value of an asset is the greater of its fair value less disposal costs and its value in use (the present value of the future cash flows that the asset is expected to generate). In determining value in use, the present value of future cash flows is discounted using a pre-tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned. The recoverable value of an asset that does not generate largely independent cash flows is determined in relation to the cash generating unit to which the asset belongs. An impairment is recognised in the income statement whenever the carrying value of an asset, or of the cash-generating unit to which it is allocated, is higher than its recoverable value. When the reasons for a write-down no longer exist, the write-down is reversed in the income statement up to the net carrying value that the asset in question would have had if it had not been written down and if it had been depreciated.

L Other equity interests

The investments included under ‘Other equity interests’ are measured at fair value, with the impact of any changes to fair value recognised in shareholders’ equity. Where fair value cannot be determined reliably or is insignificant, they are measured at cost less any impairment losses, in compliance with IAS 39. These costs are periodically reviewed in order to determine whether any impairment indicators exist that might suggest that their recoverable value is lower than their carrying value.

M Other financial assets

Receivables and financial assets held to maturity are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying value equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

The treatment of financial assets linked to derivatives is shown under point Y (Derivatives).

N Own shares

Own shares are recognised at cost and deducted from shareholders’ equity.

O Shareholders’ equity

[I] **Share capital**
Share capital consists of the Parent Company’s subscribed and paid-up capital. Costs closely related to the issue of new shares are deducted from equity reserves, after any deferred tax effect.

[II] **Reserves**
Reserves comprise equity reserves set aside for a specific purpose relating to the Parent Company; they include retained earnings from previous years.

[III] **Stock plans for Group employees and management**

The Group grants additional benefits to employees and management via the allocation of bonus shares. The cost of stock plans is booked, in accordance with IFRS 2 - Share-based Payments, to the income statement in equal instalments during the vesting period, with an offsetting entry under shareholders' equity. Changes in fair value after the grant date have no effect on the initial valuation.

P Provisions for risks and charges

Provisions for risks and charges are recognised only where a present (legal or constructive) obligation exists in relation to past events that is expected to result in an outflow of financial resources, the amount of which can be reasonably determined. This amount represents the best discounted estimate of the sum that must be paid to discharge the obligation. The rate used to determine the present value of the liability reflects current market values and includes the additional effects of the specific risk associated with each liability.

Those risks in respect of which it is only possible to show a future liability are disclosed in the section on commitments and risks, and no provision is made.

Q Provisions for employee benefits

The Group provides various types of pension plans, in keeping with the conditions and practices that are commonly applied locally in those countries in which it carries out its activities.

From 1st January 2007, the italian law governing employee end-of-service payments (TFR) was amended, introducing the option for employees to decide where their payments are held. Specifically, new end-of-service payments may be allocated to pension funds or held at the company (where the number of employees is lower than 50, or held by the Italian social security agency INPS if not). The introduction of these regulations has resulted in the following accounting changes:

- Provisions made up to 31st December 2006

  The end-of-service payments due to employees pursuant to article 2120 of the Italian Civil Code are treated in the same way as defined benefit pension plans; these plans are based on the working life of employees and on the remuneration they receive over a pre-determined period of service. The liability relating to employee end-of-service payments is recorded on the statement of financial position based on their actuarial value, since this can be quantified as an employee benefit due on the basis of a defined benefit plan. Booking defined benefit pension plans on the statement of financial position requires the amount of benefits earned by employees to be estimated using actuarial techniques and discounted in order to determine the present value of the Group's commitments. The present value of the Group's commitments is determined by an external consultant using the projected unit credit method. This method, which falls into the more general category of techniques relating to what are known as "accrued benefits", considers each period of service rendered by the workers at the company as an additional entitlement unit of: the actuarial liability must therefore be determined on the basis of the length of service at the measurement date only. Accordingly, the total liability is normally re-proportioned according to the ratio of the years of service at the measurement date to the total length of service achieved when the benefit is expected to be paid. The cost accrued for the year in respect of defined benefit plans is recorded in the income statement under personnel expenses and is equivalent to the sum of the average present value of entitlements earned by current employees and the annual interest accrued on the present value of the Group's commitments at the beginning of the year, calculated using the discount rate for future disbursements that is used to estimate liabilities at the end of the previous year. The annual discount rate adopted for these calculations is the end-of-year market rate for zero coupon bonds with the same maturity as the average remaining duration of the liabilities.

  Following application of IAS 19 (revised), actuarial gains and losses relating to the change in parameters, previously reported in the income statement (personnel costs), are now recognised in the statement of comprehensive income.
- Benefits accrued since 1st January 2007

  The benefits in question are accounted for using the method adopted for defined contribution pension plans (which are not subject to actuarial valuation) as the amount relating to employees has been transferred in full outside the Group.

  The corresponding payable is determined according to article 2120 of the Italian Civil Code.

R Financial liabilities, trade and other payables and other liabilities

These are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is a change in the estimated future cash flows and these can be reliably estimated, the value of the payables is recalculated to reflect this change on the basis of the present value of the new estimated future cash flows and the internal rate of return originally calculated. Sale transactions with a repurchase obligation represent a form of financing as the risks attached to ownership (mainly the risk relating to changes in fair value) remain with the company. In this case, the asset is not derecognised, the payable for the repurchase is classified as a financial liability and the difference is recorded in the income statement as financial income or charges.
Financial liabilities also include derivatives, which are discussed in the appropriate section below. Derivatives are measured at fair value with an offsetting entry in the income statement at each reporting date.

S Recognition of revenues

Sales revenues are recognised when the risks and benefits associated with ownership have effectively been transferred or when a service has been rendered.
The recognition of revenues from services is based on the stage of completion reached.
Revenues are recorded net of returns, discounts, allowances and premiums, and of directly related taxes.
Excise duties paid on purchases are netted off against those collected on sales.

T Recognition of costs

Costs are recognised when they relate to goods and services that are sold or used during the year or by systematic allocation, or when their future usefulness cannot be determined.

U Interest income and expenses

Interest income and expenses are booked on an accrual basis.

V Translation of items expressed in a currency other than the euro

Transactions in foreign currency are translated into euro at the exchange rates prevailing on the transaction date. Exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary asset and liability items denominated in a foreign currency are recorded in the income statement.

W Dividends

[A] **Dividends received**
Dividends are recognised on the date on which the resolution approving them is carried by a shareholders' meeting.

[B] **Dividends paid out**
The payment of dividends to Parent Company shareholders is recorded as a payable on the balance sheet for the period in which the distribution was approved by the company's shareholders.

X Taxes

Current taxes are calculated based on the taxable income for the period, applying the prevailing tax rates at the reporting date.

Deferred taxes are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying value, with the exception of goodwill, and those relating to temporary differences originating from investments in subsidiaries, when the timing of the reversal of such differences is controlled by the Group and it is probable that the differences will not be reversed within a reasonably foreseeable timescale. In respect of deferred tax assets (including those relating to tax losses from previous periods) that cannot be offset against deferred tax liabilities in full, the residual portion is recognised to the extent that it is probable that taxable income will be generated in future against which it can be recovered.

Deferred taxes are calculated using the tax rates that are expected to apply in the years in which temporary differences are realised or reversed.

Changes in tax rates due to changes in the law are recorded in the income statement or under shareholders' equity, in relation to the transaction that generated the underlying deferred tax.

Current and deferred taxes are recognised in the income statement, with the exception of those related to items directly deducted from or added to shareholders' equity, in which case the tax effect is taken directly to shareholders' equity. Current and deferred taxes are offset when income taxes are applied by the same tax authority, when there is a legal right to offset and the intention to settle on a net basis.

Other taxes not related to income, such as property taxes, are included under "Cost of services and sundry costs".

The Parent Company allows its Italian subsidiaries to participate in a national tax consolidation scheme for the purposes of calculating corporate income tax (IRES), pursuant to articles 117-128 of the consolidated law on income tax. As a result, a single income tax base is created for the Parent Company and certain Italian subsidiaries, essentially through the algebraic sum of the tax profit or loss of each participant. Participation in a particular scheme is confirmed by a communication to the tax authority made by the Parent Company indicating which subsidiaries have decided to take up this option. The option has a fixed duration of three years (except in the event of interruptions provided for by law) and the matter is governed between the two parties by a consolidation agreement. With specific reference to the transfer of tax losses, the agreements in force provide for remuneration commensurate with the ordinary IRES tax rate, equal to the portion of the loss of each subsidiary that was effectively offset by taxable income generated by other consolidated companies. Any excess losses remain allocated to the Parent Company and remuneration for these losses is deferred until the year when they are actually used under the national tax consolidation scheme.

Y Derivatives

All derivatives are financial assets and liabilities that are recognised at fair value.

They are classified as hedging instruments when the relationship between the derivative and the item being hedged is formally documented and the effectiveness of the hedge, verified periodically, is high. When derivatives hedge the risk of changes in the fair value of the underlying items (fair value hedges, e.g. hedging the variability of the fair value of fixed-rate assets/liabilities), they are carried at fair value, with the effects of the changes recognised in the income statement; at the same time, the hedged items are adjusted to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes in cash flows from the underlying items (cash flow hedges, e.g. hedging the variability of cash flows generated by assets/liabilities due to exchange rate fluctuations), the changes in the fair value of the derivatives are initially recognised under equity and subsequently taken to the income statement in the same period in which the economic effects of the hedged items are recorded in the income statement.

Derivatives (including those relating to commodities) that do not meet the requirements for hedge accounting set out in IAS 39 are booked at fair value in the income statement, with the change in the fair value of the instrument recorded under “Financial income” or “Financial charges”.

To determine the fair value of financial instruments listed on active markets, the bid price of the security on the relevant reporting date is used. In the absence of an active market, fair value is determined by using measurement models based largely on objective financial variables, and by considering, wherever possible, the prices observed in recent transactions and the prices for comparable financial instruments.

Z Earnings per share

[I] **Basic EPS**
Basic EPS is calculated by dividing Group operating profit, adjusted by the portion of earnings attributable to the holders of preference shares, by the weighted average of ordinary shares outstanding during the year, excluding own shares.

[II] **Diluted EPS**
Diluted EPS is calculated by dividing group operating profit, adjusted by the portion of earnings attributable to the holders of preference shares, by the weighted average of ordinary shares outstanding during the year, excluding own shares. For the purpose of calculating diluted earnings per share, the weighted average of shares outstanding is modified by assuming the conversion of all potentially dilutive ordinary shares, while Group net profit is adjusted to take into account the effects of the conversion net of taxes.

AA Emission Trading

Legislative Decree 216 of 4th April 2006 introduced limits on CO_2 emissions from plants. If these limits are exceeded a company must purchase credits covering the excess amount of CO_2 on the market. If the credits allocated and purchased during the period, net of those sold, are insufficient, the shortfall, measured at market value at the end of the year or at fixed price (if there are forward contracts) is recorded under provisions for risks; if, however, the credits allocated and purchased, net of those sold, exceed requirements, the surplus, measured at purchase cost or market value at the end of the year if lower, is recorded under intangible assets.

AB Segment information
An operating segment is a part of an entity:

a. that undertakes commercial activities that generate revenues and costs (including revenues and costs relating to transactions with other parts of the same entity);
b. whose operating results are reviewed periodically at the highest operational decision-making level of the entity in order to adopt decisions on the resources to be allocated to the segment and the assessment of the results; and
c. for which separate accounting information is available.

A geographical segment is defined as a group of assets and transactions used for specific services in a particular geographical area and subject to risks and benefits substantially different from those related to other geographical areas.

3.3 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methods that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that are considered from time to time,reasonable and realistic under the circumstances. The use of these estimates and assumptions affects the values reported in the financial statements, i.e. the statement of financial position, income statement, statement of comprehensive income and cash flow statement, as well as the accompanying disclosures. The actual amounts of accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based.

3.4 Most significant accounting policies requiring a greater degree of subjectivity

A brief description is provided below of the most significant accounting policies requiring greater subjectivity by the directors in the preparation of their estimates and in respect of which a change in the conditions underlying the assumptions used could have a significant effect on the restated aggregate financial information.

[I] Depreciation of fixed assets: depreciation of fixed assets represents a sizeable cost for the Group. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the assets concerned. The useful life of the Group’s assets is determined by the directors at the time they are purchased; it is based on past experience for similar assets, market conditions and expectations as to future events that could affect their useful life, such as changes in technology. Their actual useful life could therefore differ from the estimate. The company periodically assesses technological changes and industry developments, dismantling and disposal costs and recoverable value in order to adjust the asset’s remaining useful life. This periodic revision process could lead to a change in the depreciation period considered and, therefore, in the depreciation charged in future years.

[II] Recoverable value of fixed assets: if there are impairment indicators, the estimated recoverable value is derived from a complex valuation process that largely depends on external sector variables or changes in the regulatory framework. The corresponding environment is monitored continuously and sector analyses are obtained regularly. However, it may be that the effective change in the key variables is not in line with expectations.

[III] Deferred tax assets: deferred tax assets are recognised on the basis of estimated future taxable earnings. The measurement of estimated future taxable earnings for deferred tax recognition purposes depends on factors that may vary over time and may have a significant effect on the measurement of deferred tax assets.

[IV] Provisions for risks: in certain circumstances, determining whether there is a current obligation (either legal or constructive) is not always straightforward. The directors evaluate such circumstances on an individual case basis, and at the same time estimate the amount of financial resources needed to discharge the obligation in question. Where the directors feel that a liability is only possible, the associated risks are disclosed in the note concerning commitments and risks, and no accrual is made.

[V] Revenues from electricity sold by subsidiary Sarlux Srl to Italian grid operator GSE (Gestore dei Servizi Energetici SpA): such revenues are calculated on a straight-line basis since the electricity supply contract, pursuant to IAS 17 - Leases and IFRIC 4 - Determining Whether an Arrangement Contains a Lease has been recognised as a contract regulating the use of the plant by the customer of Sarlux Srl, meaning that it is comparable to an operating lease. Thus, these revenues have been reported on a straight line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of crude oil and gas, which are determining factors for electricity tariffs and electricity production costs; in the years ahead, oil prices could vary significantly from estimates as a result of events that cannot be predicted at present.

4. Information by business segment and geographical area

4.1 Preliminary remarks

On 1st July 2013, the refining activities of Saras SpA were transferred to its subsidiary Sarlux Srl; since that date, the activities of Sarlux Srl have also included refining, in addition to its existing electricity-generating business. In order to provide a better breakdown of the performance of the individual businesses of the Group and given that the Group management's methods of monitoring and managing the businesses have not changed, the following information is refferred to the segments that were identified in previous reports.

The merger of Arcola Petrolifera Srl (marketing segment) into the Parent Company, Saras SpA (refining segment) was completed during the year. In order to maintain consistency of presentation with the segment reporting adopted in previous years and with the segments as they are managed and monitored by management, the business now conducted by the Parent Company in the marketing segment has been separated into a specific division (hereinafter, the "Off-network Division"): as a result, segment reporting for 2014 is comparable to that presented in previous years.

On 29th December 2014, Versalis SpA and Sarlux Srl, following a joint analysis and assessment of the possible future development and integration of their respective businesses operated out of the Sarroch industrial facility, agreed upon the acquisition by Sarlux Srl of the business unit comprising the chemical intermediates manufacturing industrial complex adjacent to the refinery owned by Sarlux Srl. The acquisition in question became effective on 31st December 2014 and included the land on which the plants stand, the plants themselves (mainly reforming, splitter, BTX, formex, landing stage, tanks and pipeway), along with the relevant HSE permits, IT infrastructure, contracts and industrial and intellectual property rights, human resources (in addition to the relevant receivables and payables at 31st December 2014), stocks of replacement parts and inventories of oil products. The value of the business unit was supported by an expert opinion drafted by independent professionals.

The acquisition in question allowed Versalis to dispose of a business no longer regarded as strategic and Sarlux Srl to ensure access to raw materials (mainly hydrogen) essential to the refining process, thereby permitting the company to cancel its planned investment to build a hydrogen manufacturing plant. The resulting impairment loss amounts to EUR 22,736 thousand.
The acquired unit's values are summarised in the following table:

ASSETS	(EUR thousand)
Current assets	**17,205**
Inventories	17,205
Non-current assets	**18,800**
Property, plant and equipment	3,600
Intangible assets	15,200
Total assets	**36,005**
LIABILITIES	
Current liabilities	**1,319**
Other liabilities	1,319
Non-current liabilities	**15,917**
Provisions for risks and charges	15,200
Provisions for employee benefits	717
Total liabilities	**17,236**
Difference Assets / Liabilities	**18,769**
Net consideration received from Versalis	**38,931**
Negative goodwill charged to income statement	**57,700**

The purchase agreement also includes hold harmless clauses for environmental issues, any CO_2 costs and several projects to improve, recondition and/or replace plants and/or parts of plants. The difference indicated has been recognised in the income statement under "Other income".

The Saras Group's business segments are therefore:
1. Refining;
2. Marketing;
3. Generation of power by the combined cycle plant;
4. Generation of power by wind farms;
5. Other activities.

1. **Refining activities** carried out by the Parent Company Saras SpA and the subsidiary Sarlux Srl relate to:

[A] The sale of oil products obtained:
- upon completion of the entire production cycle, ranging from the sourcing of raw materials to the refining and production of finished products, which is carried out at the Company's site in Sarroch, Sardinia;
- by purchasing oil products from third parties that were previously refined on behalf of these same third parties at the Sarroch site in Sardinia;
- and to a lesser extent, by purchasing oil products from third parties.

Finished products are sold to major international operators such as the Total Group, the ENI Group, NOC (National Oil Corporation), Shell, British Petroleum and Galp.

[B] Revenues from refining services provided to third parties, which only represent the income from refining activities conducted on behalf of third parties.

2. **Marketing activities** concern the distribution of oil products, an activity aimed at smaller-sized customers and/or those with distribution procedures that differ from those described above in relation to refining. These activities are undertaken:
   - in Italy, by Saras SpA (Off-network Division), as a result of the aforementioned merger with the subsidiary Arcola Petrolifera Srl for off-network customers (wholesalers, purchasing consortia, local authority-owned utility companies and resellers) and oil companies (ENI, Tamoil, Total, etc.) through a logistics network comprising both its own bases (at Sarroch) and those of third-party operators by way of a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata and Torre Annunziata) as well as Deposito di Arcola Srl for the logistics management of the Arcola storage facility;
   - in Spain, by Saras Energia SA for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of storage facilities located throughout the Iberian peninsula, the most important of which, the Cartagena storage facility, is owned by the company itself.

3. **Generation of power by the combined-cycle plant** relates to the sale of electricity generated at the Sarroch plant owned by Sarlux Srl. This electricity is sold exclusively to the grid operator GSE (Gestore dei Servizi Energetici SpA), with sales benefiting from tariffs included in the CIP 6/92 agreement.

4. **The generation of power by wind farms** relates to the activity carried out at the Ulassai wind farm owned by subsidiary Sardeolica Srl.

5. **Other activities** include reinsurance activities undertaken for the Group by Reasar SA and research for environmental sectors undertaken by Sartec SpA.

Management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the consolidated financial statements for the year ended 31st December 2013.

4.2 Segment information

In order to provide a consistent, homogeneous presentation of the margins that may be attributed to each segment in the event of extraordinary transactions such as mergers and contributions, transactios dealings between divisions that have been eliminated as a result of the corporate transactions indicated above retain the values assigned to them under the terms of the contracts previously in force. A breakdown by segment is shown below. For further details, please see the appropriate sections of the Report on Operations:

31st December 2013	Refining	Marketing	Power Generation	Wind Power	Other	Total
Revenues from ordinary operations	10,138,013	2,857,495	548,968	11,315	20,702	13,576,493
less: intersegment revenues	(2,323,526)	(89,571)	(49,426)	0	(7,688)	(2,470,211)
Revenues from third parties	**7,814,487**	**2,767,924**	**499,542**	**11,315**	**13,014**	**11,106,282**
Other revenues	152,905	3,629	38,054	18,967	751	214,306
less: intersegment revenues	(69,048)	(103)	(21,354)	0	(119)	(90,624)
Other revenues from third parties	**83,857**	**3,526**	**16,700**	**18,967**	**632**	**123,682**
Amortisation and depreciation	**(107,393)**	**(8,381)**	**(72,857)**	**(4,403)**	**(253)**	**(193,287)**
Write-offs and reversals of the write-offs for Sarlux\GSE contract			**(232,455)**			**(232,455)**
Operating profit (a)	**(261,043)**	**7,615**	**(122,954)**	**18,287**	**3,934**	**(354,161)**
Financial income (a)	219,709	3,582	5,449	1,693	310	230,743
Financial charges (a)	(244,143)	(12,212)	(1,181)	(2,571)	(75)	(260,182)
Income taxes	86,476	(1,534)	36,394	(7,398)	(1,418)	112,520
Net result for the year (a)	**(199,001)**	**(2,549)**	**(82,292)**	**10,011**	**2,751**	**(271,080)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,164,172**	**786,385**	**700,394**	**130,876**	**31,704**	**3,813,531**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,029,368**	**351,101**	**454,226**	**48,682**	**8,952**	**2,892,329**
Investments in tangible assets	86,696	2,072	16,590	181	339	105,878
Investments in intangible assets	382	1,599	342	41	1,388	3,752

31st December 2014						
Revenues from ordinary operations	9,292,643	2,563,465	587,352	8,298	27,105	12,478,863
less: intersegment revenues	(2,279,560)	(32,869)	(53,874)	0	(9,437)	(2,375,740)
Revenues from third parties	**7,013,083**	**2,530,596**	**533,478**	**8,298**	**17,668**	**10,103,123**
Other revenues	215,496	7,260	48,053	17,484	479	288,772
less: intersegment revenues	(98,124)	0	(21,908)	(8)	(146)	(120,186)
Other revenues from third parties	**117,372**	**7,260**	**26,145**	**17,476**	**333**	**168,586**
Amortisation and depreciation	**(144,456)**	**(9,827)**	**(65,711)**	**(7,036)**	**(341)**	**(227,371)**
Write-offs and reversals of the write-offs for Sarlux\GSE contract			**180,000**			**180,000**
Operating profit (a)	**(640,766)**	**(14,695)**	**354,711**	**13,440**	**2,924**	**(284,386)**
Financial income (a)	417,239	4,354	7,986	1,170	366	431,115
Financial charges (a)	(397,095)	(8,325)	(1,388)	(1,632)	(127)	(408,567)
Income taxes	137,478	1,015	(133,034)	(4,284)	(1,184)	(9)
Net result for the year (a)	**(483,144)**	**(17,651)**	**228,275**	**8,694**	**1,979**	**(261,847)**
TOTAL DIRECTLY ATTRIBUTABLE ASSETS (b)	**2,406,458**	**551,451**	**757,037**	**130,777**	**16,286**	**3,862,009**
TOTAL DIRECTLY ATTRIBUTABLE LIABILITIES (b)	**2,422,765**	**317,121**	**408,449**	**44,012**	**9,918**	**3,202,265**
Investments in tangible assets	124,154	1,394	6,311	436	765	133,060
Investments in intangible assets	780	1,644	484	168	140	3,216

(a) Calculated without taking into account intersegment eliminations For a valuation of intersegment transactions, see 7.2 of the separate financial statements of Saras SpA.

(b) Total assets and liabilities are calculated after intersegment eliminations.

4.3 Breakdown by geographical area

The breakdown by geographical area takes into account the size of the reference market and the countries in which the registered offices of counterparties are located.

Directly attributable assets and investments by geographical area

	31/12/2014	31/12/2013	Change
Directly attributable assets			
Italy	3,597,235	3,442,624	154,611
Rest of EU	264,774	370,907	(106,133)
Total	**3,862,009**	**3,813,531**	**48,478**
Investments in tangible and intangible assets			
Italy	133,478	105,969	27,509
Rest of EU	2,798	3,661	(863)
Total	**136,276**	**109,630**	**26,646**

Net revenues from ordinary operations by geographical area

	2014	2013	Change
Sales in Italy	4,711,871	5,559,910	(848,039)
Sales in Spain	1,321,307	1,063,870	257,437
Sales in other EU countries	1,172,271	1,470,537	(298,266)
Sales in non-EU countries	2,844,099	3,011,965	(167,866)
Sales in US	53,576	0	53,576
Total	**10,103,123**	**11,106,282**	**(1,003,159)**

Amounts are shown net of intragroup eliminations.

The following table shows a breakdown of trade receivables by geographical area.

	31/12/2014	31/12/2013	Change
Receivables in Italy	315,757	476,132	(160,375)
Receivables in Spain	78,646	153,001	(74,355)
Other EU receivables	1,014	8,070	(7,056)
Non-EU receivables	46,690	48,425	(1,735)
US receivables	0	194	(194)
Provision for bad debts	(15,291)	(15,004)	(287)
Total	**426,816**	**670,818**	**(244,002)**

The most significant changes to the statement of financial position and statement of comprehensive income compared with the previous year are illustrated below.

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

The following table shows a breakdown of cash and cash equivalents.

	31/12/2014	31/12/2013	Change
Bank and postal deposits	631,740	504,666	127,074
Cash	1,804	2,161	(357)
Total	**633,544**	**506,827**	**126,717**

Bank deposits are mainly attributable to Saras SpA (EUR 511,238 thousand), Sarlux Srl (EUR 44,048 thousand), Sardeolica Srl (EUR 31,113 thousand) and Saras Energia SAU. (EUR 42,753 thousand). For further details on the net financial position, see both the relevant section in the Report on Operations and the cash flow statement.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets:

	31/12/2014	31/12/2013	Change
Securities	4,802	3,418	1,384
Green Certificates	33,053	17,599	15,454
Derivative instruments	211,270	13,628	197,642
Other financial assets	45,389	11,634	34,855
Total	**294,514**	**46,279**	**248,235**

Green certificates are partly related to the generation of electrical power from renewable sources by the subsidiary Sardeolica Srl (EUR 10,555 thousand), partly held by the subsidiary Sarlux Srl (EUR 22,016 thousand) and the subsidiary Saras Energia SA (EUR 482 thousand) in order to comply with obligations to purchase green certificates pursuant to applicable legislation. The green certificates allocated to the subsidiary Sardeolica Srl are sold on a specific regulated market or through bilateral agreements between market operators, or through withdrawal by GSE at a pre-determined price; the certificates in the portfolio accruing during the reporting period are valued at the price set for withdrawal by GSE (EUR 97.4/MWh for 2014 compared with EUR 89.3/MWh for 2013). Gains and losses realised for the period, and any write-downs applied in cases where the market value is lower than the carrying value at the end of the period, are booked to the income statement under "Other income" or "Services and sundry costs".
Green certificates held by the subsidiary Sarlux Srl, considering the situation described in note 7.1, to which the reader is referred, have been measured at cost (EUR 90.4 per certificate).
Changes in securities and green certificates are shown below.

	Securities	Green Certificates	Total
Balance at 31/12/2012	**0**	**10,833**	**10,833**
Increase	3,418	17,575	20,993
Decrease	0	(10,809)	(10,809)
Balance at 31/12/2013	**3,418**	**17,599**	**21,017**
Increase	1,384	33,471	34,855
Decrease	0	(18,017)	(18,017)
Balance at 31/12/2014	**4,802**	**33,053**	**37,855**

"Derivative instruments" comprises the positive fair value of derivatives outstanding at the end of the financial year. For further details, see 5.3.1.
"Other financial assets" primarily comprises gains realised on derivatives on crude oil and oil products at 31st December 2014 but not yet collected.
In the interest of a clearer presentation, in these financial statements, some items previously classified among "Other current assets" have been reclassified among "Other financial assets": these mainly consist of collateral deposits for derivatives. In the interest of consistency of classification, the figure for 2013 has been reclassified accordingly.

5.1.3 Trade receivables

This item totalled EUR 426,816 thousand, a decrease of EUR 244,002 thousand compared with the previous year. This change was partly due to the trend in the prices of oil products, down sharply at year-end, and partly to the decrease in the receivables claimed by the subsidiary Sarlux Srl from GSE as a result of the changed timing of the electrical power adjustment (currently quarterly, but annual in previous years). The item is presented net of bad debt provisions, which amounted to EUR 15,291 thousand (EUR 15,004 thousand at 31st December 2013).

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the financial year.

	31/12/2014	31/12/2013	Change
Raw materials, spare parts and consumables	260,335	328,805	(68,470)
Semi-finished products and work in progress	63,126	74,166	(11,040)
Finished products and goods held for resale	346,441	522,345	(175,904)
Advance payments	163	747	(584)
Total	**670,065**	**926,063**	**(255,998)**

The decrease in the value of inventories was essentially due to price trends, which also entailed an impairment loss of approximately EUR 173 million in the measurement of inventories at their net realisable value.

This valuation is thus equivalent to the market value.

No inventories are used as collateral for liabilities.

The item "Finished products and goods held for resale" includes around 444,661 thousand tons of oil products (valued at around EUR 144 million) held for Group companies and certain third parties in accordance with the obligations of Legislative Decree 22 of 31st January 2001 (in the previous year, these stocks amounted to 661 thousand tons valued at around EUR 456 million).

The Sarroch refinery held no crude oil or oil products belonging to third parties at 31st December 2014.

5.1.5 Current tax assets

Current tax assets break down as follows.

	31/12/2014	31/12/2013	Change
VAT	2,575	1,167	1,408
IRES (corporate income tax, including income tax of foreign companies)	56,018	37,821	18,197
IRAP (regional income tax)	9,537	3,866	5,671
Other tax receivables	10,134	6,096	4,038
Total	**78,264**	**48,950**	**29,314**

IRES (corporate income tax) receivables may be attributed to excess tax paid in previous years and the recognition of a receivable relating to the 2014 investment incentive pursuant to article 18 of Legislative Decree 91/14 (EUR 5,900 thousand) and the advance payment of the IRES surcharge (Robin Tax) of 2014 made by the subsidiary Sarlux Srl of EUR 5,372 thousand.

5.1.6 Other assets

The balance breaks down as follows.

	31/12/2014	31/12/2013	Change
Accrued income	491	473	18
Prepaid expenses	6,480	4,163	2,317
Other receivables	130,434	83,834	46,600
Total	**137,405**	**88,470**	**48,935**

Deferred charges mainly relate to insurance premiums and expenses associated with biofuel legislation paid by the Parent Company.

"Other receivables" mainly comprises:
- The receivable of EUR 32,114 thousand claimed by the subsidiary Sarlux Srl from the Equalisation Fund for the Electrical Power Industry due to the approval, pursuant to Title II, point 7-bis of CIP Order 6/92, of charges arising from Directive 2003/87/EC (Emissions Trading), in application of the resolution of the Italian Authority for Electricity and Gas (AEEG)of 11th June 2008, ARG/ELT 77/08, in connection with 2013 (EUR 13,487 thousand collected in February 2015) and 2014 (EUR 18,627 thousand to be collected in the second half of 2015);
- Recovery of the amount paid by subsidiary Sarlux Srl to GSE of EUR 59,582 thousand, as described in section 7.1 (EUR 44,040 thousand the previous year);
- White certificates for EUR 6,535 thousand (of which EUR 22 thousand have already been awarded) of energy savings made in the Sarroch refinery (EUR 17,187 thousand in 2013). These are sold on an appropriate regulated market or through bilateral agreements between market operators. The certificates held are valued at the average annual market price (EUR 99.55 per certificate in 2014, compared with EUR 105.98 in 2013).
- A receivable of EUR 20,186 thousand claimed by the subsidiary Sarlux Srl in connection with the status of energy-intensive business granted by the Equalisation Fund for the Electrical Power Industry. The subsidy is provided for in Decree Law 83 of 22nd June 2012, which identifies energy-intensive companies entitled to relief from the payment of systemic charges. The company was designated an energy-intensive company for 2013 and believes that it also meets the requirements to be so designated for 2014. The European Commission of Brussels is currently conducting an inquiry to determine whether this subsidy qualifies as state aid. The company, like other industry firms, does not believe that there is a basis for such a conclusion.

5.2 Non-current assets

The Group's companies have already carried out impairment testing on each of the main cash generating units (CGUs) defined in accordance with the division of the Group's business into segments. The results of such tests – including sensitivity analyses performed on the main assumptions – did not show any impairment.
However, it was found to be necessary to reverse the write-off of the contract in force between the subsidiary Sarlux Srl and GSE by EUR 180 million. For further information, refer to 5.2.2 below.
For further information on the impairment testing of the CGUs to which goodwill was previously allocated, see the relevant note in 5.2.2 below.

5.2.1 Property, plant and equipment

The following table shows a breakdown of property, plant and equipment.

COST	31/12/2012	Additions	(Disposals)	Grants	Other changes	31/12/2013
Land & buildings	229,945	397	(90)	(1,524)	5,652	234,380
Plant & machinery	2,752,173	22,134	(5,366)	(21,045)	141,532	2,889,428
Industrial & commercial equipment	37,031	481	(7,829)	(1,978)	774	28,479
Other assets	479,432	1,051	(6,005)	(2,937)	23,740	495,281
Assets under construction and payments on account	207,665	81,815			(172,262)	117,218
Total	**3,706,246**	**105,878**	**(19,290)**	**(27,484)**	**(564)**	**3,764,786**

ACCUMULATED DEPRECIATION	31/12/2012	Additions	(Disposals)	(Depreciation)	Grants and other changes	31/12/2013
Land & buildings	96,535	10,029	(38)	(708)	1,507	107,325
Plant & machinery	1,914,648	140,888	(3,989)	(18,700)	(10,297)	2,022,550
Industrial & commercial equipment	27,681	2,052	(7,825)	(1,978)	(97)	19,833
Other assets	378,624	18,618	(5,993)	(2,187)	8,591	397,653
Total	**2,417,488**	**171,587**	**(17,845)**	**(23,573)**	**(296)**	**2,547,361**

NET BOOK VALUE	31/12/2012	Additions	(Disposals)	(Depreciation and write-downs)	Other Changes and Revaluations	31/12/2013
Land & buildings	133,410	397	(52)	(10,029)	3,329	127,055
Plant & machinery	837,525	22,134	(1,377)	(140,888)	149,484	866,878
Industrial & commercial equipment	9,350	481	(4)	(2,052)	871	8,646
Other assets	100,808	1,051	(12)	(18,618)	14,399	97,628
Assets under construction and payments on account	207,665	81,815	0	0	(172,262)	117,218
Total	**1,288,758**	**105,878**	**(1,445)**	**(171,587)**	**(4,179)**	**1,217,425**

COST	31/12/2013	Additions	(Disposals)	write-downs	Other changes	31/12/2014
Land & buildings	234,380	3,795	(19,471)	(1,474)	(869)	216,361
Plant & machinery	2,889,428	39,448	(34,474)	(11,041)	27,132	2,910,493
Industrial & commercial equipment	28,479	372	(879)		388	28,360
Other assets	495,281	1,445	(10,455)		15,294	501,565
Assets under construction and payments on account	117,218	88,000	(4)	(22,736)	(48,505)	133,973
Total	**3,764,786**	**133,060**	**(65,283)**	**(35,251)**	**(6,560)**	**3,790,752**

ACCUMULATED DEPRECIATION	31/12/2013	Depreciation	(Disposals)	write-downs	Other changes	31/12/2014
Land & buildings	107,325	9,780	(15,156)		(337)	101,612
Plant & machinery	2,022,550	160,402	(28,006)	(6,915)	(6,059)	2,141,972
Industrial & commercial equipment	19,833	2,062	(665)		(14)	21,216
Other assets	397,653	18,020	(8,933)		(1,916)	404,824
Total	**2,547,361**	**190,264**	**(52,760)**	**(6,915)**	**(8,326)**	**2,669,624**

NET BOOK VALUE	31/12/2013	Additions	(Disposals)	(Depreciation)	write-downs	Other changes	31/12/2014
Land & buildings	127,055	3,795	(4,315)	(9,780)	(1,474)	(532)	114,749
Plant & machinery	866,878	39,448	(6,468)	(160,402)	(4,126)	33,191	768,521
Industrial & commercial equipment	8,646	372	(214)	(2,062)	0	402	7,144
Other assets	97,628	1,445	(1,522)	(18,020)	0	17,210	96,741
Assets under construction and payments on account	117,218	88,000	(4)	0	(22,736)	(48,505)	133,973
Total	**1,217,425**	**133,060**	**(12,523)**	**(190,264)**	**(28,336)**	**1,766**	**1,121,128**

Historical costs are shown net of grants received for investments.
The gross value of grants deducted from fixed assets was EUR 188,448 thousand, and related to the programme agreements entered into with the Ministry of Industry, Commerce and Crafts on 19th June 1995, with the Ministry of Productive Activities on 10th October 1997 and with the Ministry of Economic Development on 10th June 2002, whose final concession decree was submitted on 14th May 2013. The latter grant (EUR 27,484 thousand) has been depreciated taking into account the dates the related assets were placed in service.

At 31st December 2014, the net book value of these grants was EUR 2,124 thousand (EUR 3,526 thousand at 31st December 2013).

The item “Land and buildings” chiefly includes industrial buildings, offices and warehouses with a net value of EUR 69,290 thousand, civic buildings in Milan and Rome belonging to the Parent Company and used as offices with a net value of EUR 5,533 thousand and land largely relating to the Sarroch and Arcola sites belonging to the Parent Company Sarlux Srl and the subsidiary Deposito di Arcola Srl respectively, totalling EUR 40,226 thousand.

"Plant and machinery" item mainly relates to the refining and combined-cycle power plants at Sarroch.

"Industrial and commercial equipment" item includes equipment for the chemical laboratory and the control room for refining activities, as well as miscellaneous production equipment.

"Other assets" mainly includes tanks and pipelines used to carry the products and crude oil of Group companies (Sarlux Srl, Saras Energia SAU. and Deposito di Arcola Srl).

"Work in progress and advances" reflects costs incurred mainly for investment in tanks, and work to adapt and upgrade existing structures, particularly for environmental, safety and reliability purposes.

The increases for the year come to EUR 133,060 thousand and primarily relate to technological work on refinery plants. Such increases also include plants (mainly reforming, splitter, BTX, formex, landing stage, tanks and pipeway), land and buildings of EUR 3,600 thousand arising from the acquisition of the Versalis business unit.

Write-downs recognised during the year of EUR 28,336 thousand primarily relate to the ongoing investment to construct the hydrogen manufacturing plant, which is no longer necessary following the acquisition of the Versalis business unit.

Write-downs made during the current and previous years totalled EUR 28,336 thousand.

The main depreciation rates used are as follows:

	I.G.C.C. plant	Other Assets (annual rates)
Industrial buildings (land and buildings)	until 2020	5.50%
Generic plant (plant and machinery)	until 2020	8.38%
Highly corrosive plant (plant and machinery)	until 2020	11.73%
Pipelines and tanks (plant and machinery)		8.38%
Thermoelectric plant (plant and machinery)	until 2020	
Wind farm (plant and machinery)		10.00%
Equipment (equipment plant and machinery)		25.00%
Electronic office equipment (other assets)		20.00%
Office furniture and machinery (other assets)		12.00%
Vehicles (other assets)		25.00%

There are no fixed assets held for sale.

The Group has a concession from the Cagliari Port Authority allowing it to occupy state-owned areas until 31st December 2015. These areas contain the Sarroch refinery's service facilities (waste-water treatment, seawater desalinisation, blow-down, flare system and landing stage). Currently there is no reason to believe that the concession will not be renewed on expiry.

No financial charges were capitalised during the year, while internal costs of EUR 5,748 thousand were capitalised.

5.2.2 Intangible assets

The following table shows the changes in intangible assets.

COST	31/12/2012	Additions	Disposals	Write-downs	Other changes	31/12/2013
Industrial & other patent rights	39,137	1,595	(750)		867	40,849
Concessions, licences, trademarks & similar rights	58,452		(512)		(198)	57,742
Goodwill	21,909					21,909
Other intangible assets	514,204		(2,099)			512,105
Assets in progress & payments on account	22,034	2,157	(1,640)		(63)	22,488
Total	655,736	3,752	(5,001)	0	606	655,093

ACCUMULATED AMORTISATION	31/12/2012	Amortisation	Disposals	Write-downs	Other changes	31/12/2013
Industrial & other patent rights	35,529	2,011	(750)			36,790
Concessions, licences, trademarks & similar rights	16,186	2,632	(346)		80	18,552
Goodwill	0					0
Other intangible assets	255,254	17,057	(2,098)	232,455		502,668
Total	306,969	21,700	(3,194)	232,455	80	558,010

NET BOOK VALUE	31/12/2012	Additions	Disposals	Other changes	(Amortisation / write-downs)	31/12/2013
Industrial & other patent rights	3,608	1,595	0	867	(2,011)	4,059
Concessions, licences, trademarks & similar rights	42,266	0	(166)	(278)	(2,632)	39,190
Goodwill	21,909	0	0	0	0	21,909
Other intangible assets	258,950	0	(1)	0	(249,512)	9,437
Assets in progress & payments on account	22,034	2,157	(1,640)	(63)	0	22,488
Total	348,767	3,752	(1,807)	526	(254,155)	97,083

COST	31/12/2013	Additions	Disposals	Revaluation Reversals of impaiment losses	Other changes	31/12/2014
Industrial & other patent rights	40,849	1,462	(98)		(39)	42,174
Concessions, licences, trademarks & similar rights	57,742		(96)		(1)	57,645
Goodwill	21,909					21,909
Other intangible assets	512,105	733			15,159	527,997
Assets in progress & payments on account	22,488	1,021	(2,476)		(668)	20,365
Total	**655,093**	**3,216**	**(2,670)**	**0**	**14,451**	**670,090**

ACCUMULATED AMORTISATION	31/12/2013	Amortisation write-downs	Disposals	Write-downs Reversals of impairment losses on Sarlux/GSE contract	Other changes	31/12/2014
Industrial & other patent rights	36,790	2,094	(52)		(119)	38,713
Concessions, licences, trademarks & similar rights	18,552	2,557	(14)		(49)	21,046
Goodwill	0					0
Other intangible assets	502,668	4,120		(180,000)	(118)	326,670
Total	**558,010**	**8,771**	**(66)**	**(180,000)**	**(286)**	**386,429**

NET BOOK VALUE	31/12/2013	Additions	Disposals	Write-downs Reversals of impairment losses on Sarlux/GSE contract	Other changes	(Amortisation) (write-downs)	31/12/2014
Industrial & other patent rights	4,059	1,462	(46)	0	80	(2,094)	3,461
Concessions, licences, trademarks & similar rights	39,190	0	(82)	0	48	(2,557)	36,599
Goodwill	21,909	0	0	0	0	0	21,909
Other intangible assets	9,437	733	0	180,000	15,277	(4,120)	201,327
Assets in progress & payments on account	22,488	1,021	(3)	0	(668)		22,838
Total	**97,083**	**3,216**	**(131)**	**180,000**	**14,737**	**(8,771)**	**286,134**

Amortisation of intangible assets totalled EUR 6,425 thousand, and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	**20%**
Concessions, licences, trademarks and similar rights	**3% - 33%**
Other intangible assets	**6% - 33%**

The net book value of cumulative impairment losses (net of reversals and amortisation) on intangible assets came to EUR 52,455 thousand at 31st December 2014.

There are no significant intangible assets with a finite useful life held for sale.
The main items are set out in detail below.

Concessions, licences, trademarks and similar rights

The balance of the item mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged into Saras Energia SA) for the operation of service stations in Spain, and to Sardeolica Srl for the operation of the Ulassai wind farm, which will be fully amortised by 2026 and 2035 respectively.

Goodwill

This item mainly relates to goodwill (EUR 21,408 thousand) paid for the purchase of the subsidiary Parchi Eolici Ulassai Srl: the goodwill was calculated using a projection of future cash flows of Sardeolica Srl until 2035 when the concessions expire. In accordance with the accounting standards applied by the Group, particularly IAS 36, this goodwill was subject to testing as of the date of these financial statements to ascertain whether impairment had occurred. The analysis showed that no impairment had taken place, and – as in previous years – it was therefore unnecessary to post any write-downs.

The impairment testing process was organised into the following phases:

a) **Definition of the cash-generating units (CGUs):** the subsidiary Parchi Eolici Ulassai Srl (and its subsidiary Sardeolica Srl) is identified as a single CGU, i.e. as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. The analysis was therefore carried out on the consolidated figures of Parchi Eolici Ulassai Srl at 31st December 2014;

b) **Allocation of goodwill to the CGU:** goodwill refers only to Parchi Eolici Ulassai Srl as it relates to the acquisition of 30% of this company;

c) **Determination of the recoverable value of goodwill based on value in use:** in the absence of a binding agreement to sell the asset and an active reference market based on which fair value can be determined, the recoverable value of the goodwill in question was determined as its value in use, i.e. the present value of future cash flows expected to be derived from the CGU. In particular, the main assumptions were:
   - Cash flows were projected for the period until the end of 2035, coinciding with the expiry of the concession obtained from the Ulassai municipality for the area in which the wind farm is located;
   - The discount rate (weighted average cost of capital or WACC) was 7%, which is specific to the sector (Group rate used in 2013 was 7.5%);
   - The selling prices of the electricity produced by the CGU and of its green certificates were projected using a ratio provided by a leading independent company specialising in this sector and commonly used in the sector and by the Group in its own analyses;
   - An increase in the inflation rate from 0.6% to 1.5% for the period analysed, according to the estimates published by the IMF (International Monetary Fund);
   - A terminal value of zero was applied.

d) **Sensitivity analysis:** this analysis showed that a reasonable change in the key assumptions (revenue projections based on prices and WACC) results in recoverable values well in excess of the carrying value of the goodwill in question, and would not therefore result in an impairment loss as defined in IAS 36;

e) **External indicators:** lastly, it should be emphasised that no events took place during the year that had an impact on the production of wind power in general, or that generated by the CGU in particular, which would lead to an impairment loss.

Other intangible assets

The subsidiary Sarlux Srl has a long-term contract in force for the supply of electrical power under to the CIP6 scheme with Gestore dei Servizi Elettrici SpA (hereinafter "GSE"). This contract, which was originally recognised at fair value in the 2006 consolidated financial statements (EUR 547.5 million), has been measured over its term in accordance with IAS 36. Following initial recognition, Sarlux booked a partial impairment loss on the carrying value in the 2007 consolidated financial statements, following a change in the regulations affecting the price of sale to GSE of the power generated by Sarlux. In addition, the company also recognised a further impairment loss on the contract in 2013, writing it off completely, due to the enactment of Legislative Decree 69 of 21/06/2013 (known as the "Decree of Doing"), the provisions of which included changes to the rules for determining the rate for the sale of power to GSE under the CIP6 scheme, on the basis of prices on the natural gas spot market in lieu of Brent prices.
Due to the aforementioned developments during the year, especially the final part of the year, in energy markets (oil and gas), it was recognised that remeasurement of the contract would be necessary in order to determine its recoverable amount at 31st December 2014.
As specified in IAS 36, the measurement process can be broken down into the following phases:

a) **Definition of the cash-generating units (CGUs):** the sum of the plants used for the generation of electricity and the contract with GSE is identified as a CGU, i.e. as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

b) **Determination of recoverable value:** in the absence of a binding agreement to sell the asset and an active market based on which fair value can be determined, the recoverable value was determined as its value in use, i.e. the present value of future cash flows expected to be derived from the CGU. Specifically:
   - The long-term outlook for gas and crude prices was provided by leading independent companies specialising in this sector;
   - The time horizon for cash flows was considered to be the end of the agreement with GSE to sell electricity (2020). The time horizon is greater than five years because there are long-term projections for the sector, and it

is possible to make reasonably reliable projections for operating costs in the period;
- The discount rate (weighted average cost of capital or WACC) was 7%, which is specific to the sector (Group rate used in 2013 was 7.5%);
- An increase in the inflation rate from 0.6% to 1.5% for the period analysed, according to the estimates published by the IMF (International Monetary Fund);
- The tax rate is based on the rate currently in effect, i.e., assuming that the Robin Tax will be repealed for future years;

c) According to a specific analysis, it was determined that a reasonable change in the main underlying assumptions (the performance of expected revenues **in terms of rates** and WACC) yields values not significantly different from the recovered amount as recognised in these financial statements.

On the basis of the foregoing, the new calculation of the value in use of the CGU entailed the reversal of the impairment for EUR 180,000 thousand at 31st December 2014. This value is supported by an appraisal report drafted by independent experts.

The other changes primarily relate to the right to receive a reimbursement from Versalis for accruals to the provision for risks and future liabilities (note 5.4.2). This intangible right is not amortised.

Intangible assets in progress and payments on account

This item mainly includes the cost of natural gas exploration in Sardinia (EUR 18,560 thousand). These costs include capitalisation of internal costs of EUR 192 thousand accrued during the reporting period. No financial charges were capitalised.

In September the Region's environmental sustainability service (SAVI) sent a note to Saras, informing the latter that the application for an environmental impact assessment for the exploration activities of one of the two projects on which the Group is working was inadmissible due to purported non-compliance with applicable law. Saras filed an appeal with the TAR (regional administrative court) of Sardinia and, after assessing the possible outcome of the dispute, did not believe that there were any indicators of impairment, as defined in IFRS 6, and therefore continued to carry the assets at their capitalised values.

5.2.3 Equity interests

The table below shows a list of equity interests held at 31st December 2014, with the main figures relating to each subsidiary.

Company name	HQ	Currency	Share capital	% owned by Group as of 31-12-14	% owned by Group as of 31-12-13	% of share capital	Shareholder	% of voting rights	Category
Arcola Petrolifera Srl	Sarroch (CA)	EUR	7,755,000	0.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary , merged into Saras SpA
Deposito di Arcola Srl	Arcola (SP)	EUR	1,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sartec Saras Ricerche e Tecnologie SpA	Assemini (CA)	EUR	3,600,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Ensar Srl and subsidiaries:	Milan	EUR	100,000	0.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary, merged into Parchi Eolici Ulassai Srl
Alpha Eolica Srl	Bucarest (Romania)	Leu	468,046	100.00%	100.00%	100.00%	Parchi Eolici Ulassai Srl	100.00%	Indirect subsidiary
Labor Eolica Srl	Bucarest (Romania)	Leu	63,894	100.00%	100.00%	100.00%	Parchi Eolici Ulassai Srl	100.00%	Indirect subsidiary
Sarint SA and subsidiaries:	Luxemburg	EUR	50,705,314	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Saras Energia SAU and subsidiary:	Madrid (Spain)	EUR	44,559,840	100.00%	100.00%	100.00%	Sarint SA	100.00%	Indirect subsidiary
Saras Energia Bio SL	Madrid (Spain)	EUR	3,000	0.00%	100.00%	100.00%	Saras Energia S.A.	100.00%	Subsidiary, disposed
Reasar SA	Luxemburg	EUR	2,225,000	100.00%	100.00%	100.00%	Sarint SA	100.00%	Indirect subsidiary
Sarlux Srl	Sarroch (CA)	EUR	100,000,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Parchi Eolici Ulassai Srl and subsidiary:	Cagliari	EUR	500,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Sardeolica Srl	Cagliari	EUR	56,696	100.00%	100.00%	100.00%	Parchi Eolici Ulassai Srl	100.00%	Indirect subsidiary
Sargas Srl	Uta (CA)	EUR	10,000	100.00%	100.00%	100.00%	Saras SpA	100.00%	Subsidiary
Consorzio Cesma	Castellamonte (TO)	EUR	51,000	0.00%	5.00%	0.00%	Saras Ricerche e Tecnologie SpA	0.00%	Other equity interests, disposed
Consorzio La Spezia Utilities	La Spezia	EUR	122,143	5.00%	5.00%	5.00%	Deposito di Arcola Srl	5.00%	Other equity interests
Sarda Factoring	Cagliari	EUR	9,027,079	5.95%	5.95%	5.95%	Saras SpA	5.95%	Other equity interests

The changes compared to 31st December 2013 are discussed above in notes 3.1 and 4.1.

To secure the loan taken out by Sardeolica Srl, all of the shares in the company were pledged as collateral to the financing banks; see 5.4.1 for more details.

As previously mentioned, equity investments in subsidiaries are consolidated on a line-by-line basis in these financial statements.

5.2.3.1 Other equity interests

Other equity interests break down as follows:

	31/12/2014	31/12/2013
Consorzio Cesma	0	3
Consorzio La Spezia Utilities	7	7
Sarda Factoring	495	495
Total	**502**	**505**

The change during the year refers to the sale of the equity interests held by Sartec SpA in the Cesma Consortium.

5.2.4 Deferred tax assets

The balance at 31st December 2014 of EUR 204,264 thousand, net of EUR 4,236 thousand in deferred tax assets of international subsidiaries, essentially comprises:

- Net deferred tax assets of the Parent Company Saras SpA of EUR 168,950 thousand, of which EUR 136,565 thousand of tax assets on tax losses still to be used in the IRES national tax consolidation scheme. The amounts in question are believed to be recoverable on future taxable income;
- Net deferred tax assets of the subsidiary Sarlux Srl of EUR 20,520 thousand, consisting primarily of:
  a) Deferred tax assets of EUR 102,149 thousand relating to the straight-line calculation of margins - IAS 17 and IFRIC 4;
  b) Deferred tax assets of EUR 20,053 thousand on the portion of the loss that may not be set off as part of the tax consolidation scheme;
  c) Deferred tax liabilities of EUR 55,052 thousand on excess and advance depreciation and amortisation;
  d) Deferred tax liabilities of EUR 55,701 thousand related to the reversal of impairment of the GSE contract.
- Net deferred tax assets of the subsidiary Saras Energia SA of EUR 20,603 thousand, which mainly comprises tax assets on tax losses (EUR 17,693 thousand).

The net deferred tax assets are believed to be recoverable against future taxable income.

The following table provides a breakdown of net deferred tax assets, including EUR 4,236 thousand for the deferred tax of Reasar SA, shown as a separate liability under "Deferred tax liabilities".

	Amounts at 31/12/2013	Provision	Utilisation	P&L effect of decrease in tax rate	Other changes	Amounts at 31/12/2014
Deferred tax liabilities						
Excess and accelerated depreciation	(66,915)	(5,258)	4,989	11,592	539	(55,053)
Adjustment to value of land to reflect fair value (as deemed cost)	(10,861)	(413)		1,863		(9,411)
Adjustment for scheduled plant and equipment maintenance	(921)		359	121		(441)
Write-off of provision for risks related to subsidiaries	(3,641)	(591)				(4,232)
Employee benefits and bonuses	(53)	(248)	7		389	95
Unrealised exchange differences	(2,116)		2,111			(5)
Fair value of derivatives	451	(127)				324
Fair value of Sarlux contract with GSE	0	(55,701)				(55,701)
Write-off of goodwill amortisation	(198)		50			(148)
Measurement of Sardeolica concessions (IFRS 3 on acquisition of 30% PEU)	(6,487)		309	1,059		(5,119)
Other	(277)			47		(230)
Total deferred tax liabilities	**(91,018)**	**(62,338)**	**7,825**	**14,682**	**928**	**(129,921)**
Deferred tax assets						
Provisions for risks and write-downs	2,888	1,405	(228)	(368)	(236)	3,461
Measurement of inventory at end of period	538	18,538		(103)	61	19,034
Derecognition of intangibile assets	583	88				671
Reclassification of grants previously carried as equity	28		(28)			0
Costs for the dismantling and removal of tangible assets	6,473	156		(1,085)		5,544
Adjustment for scheduled plant and equipment maintenance	1,738	5,872	(179)	(298)		7,133
Employee benefits and bonuses	1,407	1,503	(1,381)	(16)	101	1,614
Unrealised exchange differences	1,791	7,111	(1,785)			7,117
Reporting of revenues of Sarlux on a straight-line basis (as per IAS 17 and IFRIC 4)	161,204		(32,701)	(26,431)	77	102,149
Excess maintenance costs	0	235				235
Deferred tax asset on tax loss of Saras SpA (on IRES surcharge of 6.5%)	38,370			(38,370)		0
Tax asset relating to IRES consolidated tax loss	55,120	118,591	(15,643)			158,068
Deferred tax asset on tax loss of Saras Energia	12,956	7,698	(796)	(2,165)		17,693
Other	9,841	4,239	(1,115)	(1,249)	(239)	11,477
Total deferred tax assets	**292,937**	**165,436**	**(53,856)**	**(70,085)**	**(236)**	**334,196**
Net total	**201,919**	**103,098**	**(46,031)**	**(55,403)**	**692**	**204,275**

The change compared to 31st December 2013 amounted to EUR 2,356 thousand.
With reference to "Changes in tax rates on previous income statement items", on 11th February 2015 Italy's Constitutional Court (with ruling 10/2015) declared unconstitutional article 81 (16), (17) and (18) of Decree Law 112 of 25th June 2008, enacted, with amendments, by article 1 (1) of Law 133 of 6th August 2008, as amended (the "Robin Tax"), with effect from the day after the publication of the above ruling in Italy's Official Journal. The matter of the tax in question had been referred to the Constitutional Court by a Provincial Tax Commission in March 2011.
The Robin tax, a surcharge on corporate income tax (IRES) was levied on the income of companies operating in the oil, gas and conventional energy production sector at a rate of 5.5% in 2008 and 2009. It was subsequently increased to 6.5% for 2010 and further increased to 10.5% for 2011, 2012 and 2013. From 2011, the tax was also applicable to the entire energy industry. In 2014, the rate was cut to 6.5%.
Since the tax could not be offset as part of the national tax consolidation scheme for IRES, the Group companies (Saras SpA for 2008, Sarlux Srl for 2008 to 2012, Arcola Petrolifera Srl for 2008 to 2013 and Sardeolica Srl for the years 2011 to 2013) had duly paid the tax, resulting in a tax asset due both to the years in which tax losses were reported (Saras SpA for the years 2009 to 2013) and to the normal effect of deferred tax assets and liabilities.
Consequently, since the above ruling resolved a dispute already in progress at 31st December 2014, the Group deemed that event to be "adjusting" and therefore adjusted all deferred tax assets recognised until 2013 in these financial statements. In addition, due to the entry into force of the finding of unconstitutionality by the Constitutional Court on the day after its publication in Italy's Official Journal, the Group will pay the surtax owed by the subsidiaries that report taxable income for FY 2014.
The Autonomous Region of Sardinia also cut the IRAP tax rate from 3.9% to 1.17% during the year, which required the Company to further adjust its tax asset figure.

The total charge arising from these adjustments of the Group's tax assets amounted to EUR 55,403 thousand.

With regard to the national tax consolidation scheme, the situation in respect of the consolidation agreements at the reporting date is shown below, as is the date when these agreements expire:

Subsidiary	Start date	End date
Deposito di Arcola Srl	01/01/2013	31/12/2015
Parchi Eolici Ulassai Srl	01/01/2014	31/12/2016
Saras Ricerche e Tecnologie SpA	01/01/2013	31/12/2015
Sardeolica Srl	01/01/2014	31/12/2016
Sargas Srl	01/01/2013	31/12/2015
Sarlux Srl	01/01/2012	31/12/2014

The Parent Company has already proposed, by resolution of the Board of Directors, that Sarlux Srl renew its membership of the national tax consolidation scheme following expiry of its agreement on 31st December 2014. The option granted to the subsidiary, if taken up, must be exercised by June 2015.

The following table shows deferred tax assets/liabilities broken down into the current and non-current portions for 2014 and 2013.

	2014 Short term	2014 Medium/Long term	2013 Short term	2013 Medium/Long term
Deferred tax liabilities				
Excess and accelerated depreciation	(3,826)	(49,519)	(9,863)	(57,052)
Adjustment to value of land to reflect fair value (as deemed cost)	0	(9,411)	0	(10,861)
Measurement of inventory at end of period at FIFO	0	0	538	0
Adjustment for scheduled plant and equipment maintenance	(263)	(178)	(359)	(562)
Write-off of provision for risks related to subsidiaries	0	(4,232)	0	(3,641)
Employee benefits and bonuses	95	0	0	0
Unrealised exchange losses differences	(5)	(0)	0	(326)
Fair value of Sarlux contract with GSE	(8,601)	(47,100)	0	0
Write-off of goodwill amortisation	(50)	(98)	0	(198)
Measurement of Sardeolica concessions (IFRS 3 on acquisition of 30% PEU)	(309)	(4,810)	(341)	(6,146)
Other	(230)	0	(277)	0
Total deferred tax liabilities	**(13,189)**	**(115,348)**	**(10,302)**	**(78,786)**
Deferred tax assets				
Provisions for risks and write-downs	1,366	2,095	590	2,298
Measurement of inventory at end of period at FIFO	18,973	61	0	0
Derecognition of intangibile assets	0	671	583	0
Reclassification of grants previously carried in equity	0	0	28	(0)
Costs for the dismantling and removal of tangible assets	0	5,544	0	6,473
Adjustment for scheduled plant and equipment maintenance	0	5,425	0	1,738
Employee benefits and bonuses	1,371	243	1,311	44
Unrealised exchange losses differences	7,117	(0)	0	0
Reporting of revenues of Sarlux on a straight-line basis (as per IAS 17 and IFRIC 4)	13,469	88,681	18,547	142,658
Excess maintenance costs	47	188	0	(0)
Deferred tax asset on tax loss of Saras SpA (on IRES surcharge of 6.5%)	0		0	38,370
Tax asset relating to IRES consolidated tax loss	0	158,068	0	55,120
Deferred tax asset on tax loss of Saras Energia	0	17,693	0	12,956
Other	8,431	3,370	7,233	3,059
Total deferred tax assets	**50,774**	**282,039**	**28,292**	**262,714**

5.2.5 Other financial assets

The balance at 31st December 2014 was EUR 5,125 thousand (EUR 5,551 thousand in the previous year) and consists primarily of medium-/long-term receivables from third parties.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table provides a breakdown of short-term financial liabilities.

	31/12/2014	31/12/2013	Change
Bond	249,723	0	249,723
Bank loans	31,668	38,566	(6,898)
Bank accounts	68,749	110,218	(41,469)
Derivative instruments	172,348	21,424	150,924
Other short term financial liabilities	27,631	10,762	16,869
Total short-term financial liabilities	**550,119**	**180,970**	**369,149**
Total long-term financial liabilities	**276,595**	**385,780**	**(109,185)**
Total financial liabilities	**826,714**	**566,750**	**259,964**

The bond issued by the Parent Company Saras SpA on 16th July 2010 with a nominal value of EUR 250 m and a five-year term. maturing on 21st July 2015, was reclassified from long-term financial liabilities to short-term financial liabilities during the year. The bonds, which are listed on the Luxembourg stock exchange, have a coupon of 5.583%. They are not secured by collateral and are not subject to any covenants.

The bonds have been recognised net of issue charges incurred, under to the amortised cost method; note that market values from the relevant exchange are not available for the bond issue. The value of the related cash flows discounted to present value using the market rate is not significantly different from the carrying value in the financial statements.

The terms and conditions of the Company's loans are explained in note "5.4.1 - Long-term financial liabilities".

"Derivative instruments" includes the negative fair value of the derivatives held at the reporting date.

	31/12/2014 Assets	31/12/2014 Liabilities	31/12/2013 Assets	31/12/2013 Liabilities
Interest rate swaps	0	(2,597)	0	(2,510)
Fair value of forward purchases and sales of commodities (oil & other oil products)	196,798	(169,751)	13,470	(16,287)
Fair value of forward purchases and sales of exchange rate	14,472	0	158	(2,627)
Total	**211,270**	**(172,348)**	**13,628**	**(21,424)**

The following tables show the notional values and corresponding fair values of derivatives outstanding at 31st December 2013 and 31st December 2014.

Type of transaction	**Interest rate**			**Other**			
Figures at 31/12/2013	**Notional value**	**Fair value**		**Notional value**		**Fair value**	
		Pos.	**Neg.**	**Purchases**	**Sales**	**Pos.**	**Neg.**
Futures							
Oil products and crude oil				(442,552)	327,032	6,435	(9,759)
Exchange rates				(785,796)	0	158	(2,627)
Swaps							
Oil products and crude oil				(77,417)	242,898	3,517	(4,298)
Interest rates	166,342	0	(2,510)				
Options							
Oil products and crude oil				(3,350)	4,900	3,518	(2,230)
Total	**166,342**	**0**	**(2,510)**	**(1,309,115)**	**574,830**	**13,628**	**(18,914)**

Type of transaction	Interest rate			Other			
Figures at 31/12/2014	Notional value	Fair value		Notional value		Fair value	
		Pos.	Neg.	Purchases	Sales	Pos.	Neg.
Futures							
Oil products and crude oil				(201,778)	357,487	77,639	(38,379)
Exchange rates				(852,413)		14,475	
Swaps							
Oil products and crude oil				(239)	126,717	15,964	(360)
Interest rates	142,906		(2,597)				
Options							
Oil products and crude oil				(62,538)	30,496	103,195	(131,012)
Total	**142,906**	**0**	**(2,597)**	**(1,116,968)**	**514,700**	**211,273**	**(169,751)**

"Other short-term financial liabilities" mainly comprises the interest accrued on the bond issued by the Parent Company and amounts payable to counterparties for derivatives.

For further details, please see the cash flow statement.

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/12/2014	31/12/2013	Change
Advances from customers: portion due within the year	845	89,883	(89,038)
Trade payables: portion due within the year	1,713,439	1,515,984	197,455
Total	**1,714,284**	**1,605,867**	**108,417**

In the previous year, "Advances from customers" included advances received from customers of the Parent Company for the supply of oil products, a situation that did not apply at the end of 2014.

The balance of "Trade payables" includes the amount payable for the supply of crude oil purchased from Iran, the payment for which continues to be suspended due to restrictions in international banking networks resulting from the total oil embargo decided by the European Union; the change in trade payables in the last three years is largely due to said deferrals. At 31st December 2011 the balance of "Trade payables" was EUR 1,134,991 thousand.

The following table shows a geographical breakdown of trade payables.

	31/12/2014	31/12/2013	Change
Payables to Italian suppliers	283,906	249,299	34,607
Payables to Spanish suppliers	87,984	120,123	(32,139)
Payables to other EU country suppliers	45,881	146,513	(100,632)
Payables to non-EU country suppliers	1,296,270	1,089,674	206,596
Payables to US suppliers	244	258	(14)
Total	**1,714,284**	**1,605,867**	**108,417**

5.3.3 Current tax liabilities

This item breaks down as shown below

	31/12/2014	31/12/2013	Change
VAT	56,355	91,667	(35,312)
IRES (corporation tax) and income tax of foreign companies	17,870	781	17,089
IRAP (regional income tax)	4,801	353	4,448
Other tax payables	89,638	75,671	13,967
Total	**168,664**	**168,472**	**192**

The change in VAT payable is due to lesser revenues received by the Parent Company Saras SpA, during December, from Italian customers, compared with the corresponding period of the previous year.

“Other tax payables” chiefly includes excise duties on products marketed by the Parent Company (EUR 69,605 thousand) and by the subsidiary Saras Energia SA (EUR 12,478 thousand).

5.3.4 Other current liabilities

A breakdown of other current liabilities is shown below.

	31/12/2014	31/12/2013	Change
Social security payables: portions due within one year	8,401	8,782	(381)
Due to personnel	22,121	14,185	7,936
Payables to Ministry for grants	15,679	15,679	0
Other payables	25,533	19,062	6,471
Other accrued liabilities	342	619	(277)
Other deferred income	1,047	1,349	(302)
Total	**73,123**	**59,676**	**13,447**

The item “Due to personnel” includes salaries not yet paid in December, the portion of additional monthly payments accrued and performance bonuses for the achievement of business targets and amounts payable as a result of the staff downsizing procedure discussed in 6.2.3.

“Payables to Ministry for grants” item primarily includes the advance (EUR 15,679 thousand) received by the subsidiary Sardeolica Srl from the Ministry of Economic Development for the construction of the Ulassai wind farm, for which the final decree has yet to be issued.

"Other payables" mainly refers to port duties payable (EUR 15,115 thousand), previously assessed by the Customs Authority for the Parent Company for the period 2005-2007. The appeal filed with the Provincial Tax Commission resulted in an unfavourable outcome for the Company and the date of the hearing before the Regional Tax Commission remains to be set.

Please note that the initial phase of the long-standing dispute between the latter company and the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction of Saras, after the Court of Cassation found in favour of the Company and issued a final ruling declaring that the taxes were not due.

In the second phase of the dispute, the Court of Cassation ruled against the Parent Company in March 2012, in part due to regulatory amendments that had been introduced in the intervening period.

As a result of this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has always been booked on an accrual basis under "Cost of services and sundry costs".

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below.

	31/12/2014	31/12/2013	Change
Euro Bond	173,727	249,224	(75,497)
Bank loans	102,868	136,556	(33,688)
Total long-term financial liabilities	**276,595**	**385,780**	**(109,185)**

On 17th July 2014, the Parent Company Saras SpA made a private placement of bonds with a total nominal value of EUR 175 million. The bonds, which mature on 17th July 2019, pay a 5% fixed coupon each year. The bonds are admitted to trading on the Third Market of Wiener Borse AG, the Vienna Stock Exchange.

On 27th June 2012, the Company signed a five-year loan agreement for EUR 170 million with a group of leading national and international banks. This is a senior loan that is not secured by collateral. It carries an interest rate equal to Euribor plus a fixed annual component and is repayable in nine half-yearly instalments, of which the first, equal to 5% of the capital, is due on 27th June 2013 and the last on 27th June 2017.

Details of the terms and conditions of bank loans are shown in the table below.

Figures in Euro million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/13	Net book value at 31/12/14	Maturity 1 year	Maturity from 1 to 5 years	Maturity after 5 years	Collateral
Saras S.p.A.									
Loan in pool	3-Jul-12	170.0	Euribor 6M	142.8	111.8	28.9	82.9		
				142.8	**111.8**	**28.9**	**82.9**		
Saras Energia S.A.									
Banco Santander	27-Jul-12	5.0	Euribor 12M	3.9	-	-			
				3.9	**-**	**-**	**-**		
Sardeolica S.r.l.									
Banca Nazionale del Lavoro	28-Dec-05	90.0	Euribor 6M	28.4	22.7	2.8	19.9		
				28.4	**22.7**	**2.8**	**19.9**		
Total payables to banks for loans				**175.1**	**134.5**	**31.7**	**102.8**		

The weighted average interest rate at 31st December 2014 was 4.87%.

Saras SpA's loan agreement for EUR 170 million is subject to covenants as follows:

- In financial terms, the Company will have to meet the following ratios: net debt/EBITDA < 3.25 and net debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months) at 30th June and 31st December each year.
- In corporate terms, mainly in relation to the Company's ownership structure, a ban on changing business purpose, reducing share capital, selling a majority of its significant equity investments or selling a significant portion of its non-current assets.
- As regards dividends, the Company is allowed to pay out a maximum amount of 60% of adjusted consolidated net profit provided that, after distribution, it still complies with the net debt/EBITDA ratio covenant. Note that the covenant in question is consistent with the policy adopted some time ago by the Parent Company.

If the Company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.

Sardeolica Srl entered into a loan agreement divided into five credit lines with a pool of banks (led by Banca Nazionale del Lavoro), which was signed on 6th December 2005. The loan is repayable in half-yearly instalments by the end of 2016, and carries a variable interest rate equivalent to Euribor plus a margin, which is also variable.
This loan agreement imposes certain covenants on the subsidiary:

- Financial (mainly comprising liquidity parameters that must be met every six months and a ban on carrying out derivatives transactions unless authorised by the pool of banks);
- Operational, in regard to the management of the wind farm and the obligation to provide insurance cover;
- Corporate, connected to the company's ownership structure, specifically a ban on carrying out extraordinary financing transactions without the authorisation of the lending banks or making changes to the licences and permits the company needs to carry out the project.

If the company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.
In addition, to secure the loan taken out by Sardeolica, all of the shares in the company were pledged as collateral to the financing banks.

At the last contractual deadline, the covenants relating to the above-mentioned loans had been complied with.

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

	31/12/2012	Additions	Decrease for use and reversals	Other changes	31/12/2013
Provision for dismantling of plants	18,836	127	0	0	18,963
Provision for CO_2 allowances	23,886	15,044	(23,896)	10	15,044
Other provisions	9,669	56	(750)	(4)	8,971
Total	**52,391**	**15,227**	**(24,646)**	**6**	**42,978**

	31/12/2013	Additions	Decrease for use and reversals	Other changes	31/12/2014
Provision for dismantling of plants	18,963	0	0	0	18,963
Provision for CO_2 allowances	15,044	32,273	(15,052)	8	32,273
Other provisions	8,971	15,548	(3,702)	(20)	20,797
Total	**42,978**	**47,821**	**(18,754)**	**(12)**	**72,033**

The provision for dismantling of plants relates to the future costs of dismantling plant and machinery, which are made wherever there is a legal and constructive obligation to be met in this regard. This was adjusted during the year on the basis of ISTAT changes.
The provision for CO_2 emission allowances (EUR 32,273 thousand) was made pursuant to Legislative Decree 216 of 4th April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The provision in question represents allowances required and not yet purchased.
Until 30th June 2013, the Parent Company Saras SpA was responsible for the CO_2 emissions at the entire Sarroch site, including the IGCC plant owned by its subsidiary Sarlux Srl; since 1st July 2013, following the transfer of the refining division mentioned above, Sarlux Srl has taken on responsibility for the entire Sarroch site. Likewise, the relevant authorities, have transferred to Sarlux Srl the CO_2 allowances and the compliance obligations effective 1st January 2013.
Under the “National Allocation Plan” for allowances in the period 2013-2020, the Sarroch site has been allocated 2,556,762 tons of CO_2 for 2014; within this allocation, the part technically relating to the refinery plants, calculated using methodology compliant with the provisions set by the new allocation plan, is 1,925,983 tons of CO_2, and the part relating to the cogeneration plants is 630,779 tons of CO_2. This results in the following situation:

- Actual emissions of refineries amounted to 1,983,222 tons of CO_2 at 31st December;
  the shortfall for the year, net of purchases and sales of allowances, was subject to provisioning (1,262,503 allowances for a total of EUR 8,482 thousand);
- Actual emissions of the co-generation plant amounted to 3,777,287 tons of CO_2 at 31st December;
  the shortfall for the year, net of purchases and sales of allowances, was subject to provisioning (3,541,244 allowances for a total of EUR 23,791 thousand).

During the year, EUR 15,052 thousand was used from the provision (EUR 779 thousand for Saras and EUR 14,273 thousand for Sarlux) to buy (and deliver) allowances relating to the previous year.
CO_2 allowances already held by the Group are taken into account in determining the provision.

The changes in CO_2 allowances, where one allowance equals one ton, are shown below.

Emission allowances (Tons)	Refinery plant	IGCC plant	Total
Shortfall as of 31st December 2012	**(551,927)**	**(2,860,037)**	**(3,411,964)**
Allowances allocated in 2013	2,020,483	581,473	2,601,956
Allowances in-hand (excess on 2008-2012 plan)	12	218	230
Allowances sold	0	0	0
Emissions in the year	(2,188,992)	(3,699,177)	(5,888,169)
Shortfall as of 31st December 2013	**(168,497)**	**(3,117,486)**	**(3,285,983)**
Allowances allocated in 2014	1,925,983	630,779	2,556,762
Allowances in-hand (excess on 2008-2012 plan)	0	0	0
Allowances sold	(1,205,264)	(394,736)	(1,600,000)
Emissions in the year	(1,983,222)	(3,777,287)	(5,760,509)
Shortfall as of 31st December 2014	**(1,262,503)**	**(3,541,244)**	**(4,803,747)**

The item "Other provisions" primarily refers to provisions for probable legal and tax liabilities, in addition to expenses associated with the acquisition of the Versalis business unit, which will be incurred by the subsidiary Sarlux Srl and reimbursed by the seller (see 5.2.2).

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/12/2014	31/12/2013	Change
Employee end-of-service payments	11,917	13,440	(1,523)
Other supplementary pension funds	94	6,466	(6,372)
Total	**12,011**	**19,906**	**(7,895)**

Employee end-of service payments are governed by article 2120 of the Italian Civil Code and reflect the estimated amount that the Company will be required to pay employees when they leave their employment. The liability accrued at 31st December 2006 was determined according to actuarial methods. On 30th June 2010, following the termination by the Company of the agreements establishing CPAS, the Company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the benefits earned until that date to another supplementary pension scheme or of redeeming the full amount.
The trade unions disputed the termination of the fund, and a number of the employees concerned have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision.
Having taken legal advice from the lawyers assisting it in this matter, the Company is confident that the propriety of its actions will be upheld in court. Following the cancellation, the Saras CPAS fund is the Company's supplementary employee pension fund, and is structured as a defined contribution fund. The following table shows the changes in "Employee end-of service payments".

Balance at 31.12.2012	**13,833**
Accruals for defined contribution plan (TFR)	5,345
Interest	490
Actuarial (gains) / losses	109
Deductions	(992)
Payments to supplementary pension schemes (or to INPS treasury funds)	(5,345)
Balance at 31.12.2013	**13,440**
Accruals for defined contribution plan (TFR)	5,055
Interest	368
Actuarial (gains) / losses	1,430
Deductions	(3,321)
Payments to supplementary pension schemes (or to as INPS treasury funds)	(5,055)
Balance at 31.12.2014	**11,917**

The table below shows the changes in the CPAS fund, which is a defined contribution plan.

Balance at 31.12.2012	**8,992**
Accrual for the year	0
Amount used during the year	(2,526)
Balance at 31.12.2013	**6,466**
Accrual for the year	0
Amount used during the year	(6,372)
Balance at 31.12.2014	**94**

Pursuant to IAS 19, the end-of-service provision was valued using the projected unit credit cost method and the following assumptions:

	31/12/2014	31/12/2013
ECONOMIC ASSUMPTIONS		
Cost of living increase:	1.75%	2.00%
Discount rate:	1.50%	3.15%
Salary increase:	3.00%	3.00%
CPAS: annual growth rate	n.a.	n.a.

DEMOGRAPHIC ASSUMPTIONS	
Probability of death:	As recorded by ISTAT observing Italian population in 2002
Probability of disability:	INPS model for projections to 2010
Probability of resignation:	annual staff turnover of 0.5%
Probability of retirement:	first level of pensionable requirements valid for the mandatory general insurance scheme
Probability of advance payments:	3% per annum

At 31st December 2014, the discount rate used was the iBOXX Eurozone Corporates AA10+ (1.50%).
The actuarial calculation takes into account the changes to pensions legislation (Decree Law 201/2011). Given the accounting method used (see the paragraph entitled "Summary of accounting standards and policies" and point Q, "Provisions for employee benefits"), at 31st December 2014 there were no actuarial gains or losses not recognised in the financial statements.

As required by IAS 19 (revised), a sensitivity analysis of the main actuarial assumptions as at 31st December 2014 and for 2013 is reported for the end-of service provision:

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL DISCOUNT RATE	12,646	11,220

	Change in benchmark	
	-0.25%	+0.25%
ANNUAL INFLATION RATE	11,698	12,116

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL RATE OF STAFF TURNOVER	11,957	11,746

For 2013:

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL DISCOUNT RATE	12,755	14,211

	Change in benchmark	
	-0.25%	+0.25%
ANNUAL INFLATION RATE	13,688	13,230

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL RATE OF STAFF TURNOVER	13,478	13,430

5.4.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 4,236 thousand, relate to the foreign subsidiaries. For more details, please see 5.2.4 “Deferred tax assets”.

5.4.5 Other non-current liabilities

Other non-current liabilities break down as follows:

	31/12/2014	31/12/2013	Change
Social security payables: portion due after one year	0	78	(78)
Deferred income	329,368	422,348	(92,980)
Other	1,831	2,613	(782)
Totale	**331,199**	**425,039**	**(93,840)**

The change compared with 31st December 2013 is mainly due to the decrease in “Deferred income” posted by the subsidiary Sarlux Srl. The item in question relates to the agreement for the sale of electricity between the subsidiary and GSE, which was accounted for according to IFRIC 4. Revenues from the sale of electricity are calculated on a straight-line basis since the electricity supply contract, pursuant to IAS 17 - Leases and IFRIC 4 - Determining Whether an Arrangement Contains a Lease has been recognised as a contract regulating the use of the plant by the customer of Sarlux Srl, meaning that it is comparable to an operating lease. Such revenues have therefore been recognised on a straight-line basis in accordance with both the duration of the contract (20 years) and forecast changes in the price of crude oil and gas, which are determining factors for electricity tariffs and electricity production costs.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	31/12/2014	31/12/2013	Change
Share capital	54,630	54,630	0
Legal reserves	10,926	10,926	0
Other reserves	856,034	1,126,726	(270,692)
Profit/(Loss) for the year	(261,847)	(271,080)	9,233
Total Shareholders Equity	**659,743**	**921,202**	**(261,459)**

Share capital

At 31st December 2014, the share capital of EUR 54,630 thousand, fully subscribed and paid up, comprised 951,000,000 ordinary shares with no nominal value.

Legal reserve

The legal reserve was unchanged from the previous year and stood at one-fifth of the share capital.

Other reserves

This item totalled EUR 856,034 thousand, a net decrease of EUR 270,692 thousand compared with the previous period. The net decrease was the combined result of:

- The appropriation of the profit for the previous year of EUR 271,080 thousand (EUR 271,305 thousand less EUR 225 thousand due to the application of IAS 19 (revised);
- An increase of EUR 1,688 thousand relating to the establishment of a reserve for the award of bonus shares to employees and management under the companies' stock grant plans;
- A decrease of EUR 1,303 thousand due to the actuarial impact of IAS 19 (revised);
- An increase of EUR 3,000 due to the translation of the financial statements of subsidiaries in foreign currency.

Pursuant to IAS 1, paragraphs 1 and 97, please note that no transactions relating to shareholders' equity were carried out with owners of the Company's shares.

Net loss

The net loss for the year totalled EUR 261,861 thousand.

Restrictions on the distribution of equity reserves

The main restrictions on the distribution of equity reserves of the Parent Company Saras SpA are as follows:

- The legal reserve, totalling EUR 10.9 million, may only be used to cover losses;
- The item "Locked-in reserve pursuant to article 7, paragraph 6 of Legislative Decree 38/05", totalling EUR 19.6 million and included in "Other reserves", is distributable solely to cover losses or to increase share capital;
- Given research costs recorded under assets, dividends may not be distributed, pursuant to article 2426, paragraph 1, point 5 of the Italian Civil Code, in the amount of EUR 18.6 million, until the amortisation of these costs has been completed.

For further details, see note 5.5 to the separate financial statements of Saras SpA

Dividends

On 28th April 2014, the ordinary shareholders' meeting of Saras SpA called to approve the financial statements for the year ended 31st December 2013 voted not to pay out any dividends.

The Board of Directors of the Parent Company has made a proposal to the Shareholders' Meeting convened for 28th April 2015 not to pay a dividend for the financial year ended 31st December 2014.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

The “Revenues from ordinary operations” item breaks down as follows:

	31/12/2014	31/12/2013	Change
Sales and services revenues	9,545,251	10,583,597	(1,038,346)
Sale of electricity	540,426	509,660	30,766
Other revenues	16,560	13,432	3,128
Change in contract work in progress	886	(407)	1,293
Total	**10,103,123**	**11,106,282**	**(1,003,159)**

The change in “Sales and services revenues” was broadly due to the decrease in oil product prices over the period.

Revenues from the sale of electricity include EUR 532,128 thousand relating to the gasification plant of subsidiary Sarlux Srl and EUR 8,298 thousand relating to the wind farm owned by subsidiary Sardeolica Srl.

Revenues from the sale of electricity by Sarlux Srl reflect the reporting of figures on a straight-line basis, calculated according to the remaining duration of the contract that expires in 2021, principally taking into account the tariff amount and the future scenarios for both the gas and crude prices and projections of the EUR/USD exchange rate until the contract expires; the projections are reviewed when there are significant changes.
Note that, pending the settlement of the dispute with the AEEG (gas and electricity regulator) over the method of calculating the avoided fuel cost component, for the purposes of these financial statements, revenues from the sale of electricity were determined in accordance with Legislative Decree 69/2013 (known as the "Decree of Doing"), which is less advantageous for the subsidiary.

Other payments are mainly attributable to revenues posted by the subsidiaries Sartec SpA and Reasar SA in their respective business segments.

The results of the Refining segment were affected by the halting of the maintenance programme and also by the very poor market conditions during the first half of 2014, which were only partly offset by a gradual improvement in refining margins in the second half of the year. On average, the EMC Benchmark refining margin was -0.5 $/bl in 2014. In contrast, in 2013 margins showed an almost speculative trend, recording essentially break-even levels in the first half, before deteriorating significantly in the second half (with an annual average for the EMC Benchmark of -1.2 $/bl).

The results of the Marketing segment were affected by difficult macroeconomic conditions in a number of Euro zone countries in 2014. This had a negative impact on demand for oil products. In particular, the Italian market registered an overall fall of 4.4% in the total demand for oil products compared with 2013. Even against this backdrop, the Group increased its sales volumes (+5%) by offering discounts in the regions where competition was the most intense, and limited the fall in the gross margin by reducing the cost of blending with biofuels. In the Spanish market a fall in oil consumption was less marked than in Italy, and total demand for oil products dropped by 1.9% compared with 2013. The subsidiary Saras Energia continued its policy of optimising sales channels, minimising the reduction in sales volumes (1,234ktons, -6% compared with 2013) and increasing its operating margin.

In 2014 the Electricity Generation segment delivered a solid operating performance, generating approximately 4.35 TWh of power, up 3% on 2013.

Finally, the Wind segment's performance was down slightly on 2013, mainly due to lower electricity generation and, to a lesser extent, a drop in electricity tariffs (-0.9 euro cents/kWh). In addition, the decrease in electricity tariffs was mostly offset by the rise in the value of green certificates (+0.8 euro cents/kWh). Revenues from ordinary operations are broken down by business segment and geographical area in sections 4.2 “Segment information” and 4.3 “Breakdown by geographical area” above.

In accordance with IFRS 8, please note that none of the Group's customers accounted for more than 10% of its revenues.

6.1.2 Other income

The following table shows a breakdown of other income:

	31/12/2014	31/12/2013	Change
Revenues for storage of mandatory stocks	8,989	8,435	554
Sales of sundry materials	1,707	4,740	(3,033)
Grants	16,775	17,817	(1,042)
Chartering of tankers	5,707	1,115	4,592
Recoveries from claims and damages	4,431	2,345	2,086
Reimbursment of emission trading charges	18,627	13,487	5,140
Other income	112,351	75,743	36,608
Total	**168,587**	**123,682**	**44,905**

The item “Grants” mainly includes the revenues from green certificates obtained by the subsidiary Sardeolica Srl.

The item “Reimbursement of emissions trading charges” comprises revenues posted by the subsidiary Sarlux Srl, deriving from the reimbursement – pursuant to Section II, point 7-bis of CIP Provision 6/92 – of charges relating to the application of Directive 2003/87/EC (Emissions Trading), as per AEEG Resolution 77/08. The increase compared with the previous year was chiefly due to the rise in the price of allowances (from EUR 4.33 per allowance in 2013 to EUR 5.92 per allowance in 2014).

The item "Other revenues" mainly includes the payment received from the counterparty for the acquisition of Versalis, amounting to EUR 57,700 thousand.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	31/12/2014	31/12/2013	Change
Purchases of raw materials	7,621,893	8,512,313	(890,420)
Purchases of semifinished materials	220,232	115,736	104,496
Purchases of spare parts and consumables	61,222	64,821	(3,599)
Purchases of finished products	1,680,414	1,796,895	(116,481)
Change in inventories	258,019	(5,490)	263,509
Total	**9,841,780**	**10,484,447**	**(642,667)**

Costs for the purchase of raw materials, spare parts and consumables decreased by EUR 642,667 thousand compared with the previous year, mainly due to the aforementioned fall in prices.

6.2.2 Services and sundry costs

	31/12/2014	31/12/2013	Change
Service costs	468,915	499,939	(31,024)
Rent, leasing and similar costs	13,656	14,237	(581)
Provisions for risks and charges	31,650	15,079	16,571
Other operating charges	16,803	13,438	3,365
Total	**531,024**	**542,693**	**(11,669)**

Service costs mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges. The decrease of EUR 31,024 thousand compared with the previous year was mainly due to the fall in the costs of electricity and other utilities.

The "Rent, leasing and similar costs" comprises the costs incurred by the Parent Company and the subsidiary Sarlux Srl (for the lease of its offices in Milan and Rome, the state concession at the Sarroch site and the leasing of equipment) and by the subsidiary Saras Energia SA for rents on the distribution network.
The item includes EUR 2,075 thousand in costs relating to rental of the building that houses the registered office of the Parent Company Saras SpA in Milan. The cost has been reported on a straight line basis in accordance with IAS 17 - "Leasing", IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 30th September 2015. Minimum future payments due under the terms of the contract are EUR 1,725 thousand for the following year. The annual rental payments are pegged to the ISTAT consumer price index for the families of manual workers and clerical workers.
The contract will be renewed for a further eight-year period at the expiry date, and at every subsequent expiry date, unless cancelled with at least 12 months' notice prior to the expiry date: the Company did not take up this option.
"Provisions for risks" and charges mainly comprises a provision relating to CO_2 allowances applicable to 2014 that had not yet been purchased as of 31st December 2014. The change on the previous year is mainly due to the greater number of allowances still to be acquired compared with the previous year.

"Other operating charges" chiefly comprises non-income taxes (municipal tax on property, IMU), atmospheric emission taxes and membership fees.

6.2.3 Personnel costs

Personnel costs break down as follows:

	31/12/2014	31/12/2013	Change
Wages and salaries	95,302	90,170	5,132
Social security	28,282	27,409	873
Employee end-of-service payments	5,055	5,944	(889)
Other costs	3,650	3,966	(316)
Directors' remuneration	3,634	3,754	(120)
Total	**135,923**	**131,243**	**4,680**

On 24th April 2013, the Shareholders' Meeting approved the "Plan to grant free Company shares to the Saras Group management" (the "2013-2015 Stock Grant Plan" or the "Plan"), assigning the Board of Directors all powers necessary and appropriate to implement the Plan.
The beneficiaries of the Plan are:

- Managers with strategic responsibilities within the Company;
- Directors of Italian and/or foreign companies controlled by the Company;
- Other senior managers in the Group, including those with an independent employment contract.

Each beneficiary is entitled to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of industrial companies forming a part of the FTSE Italia Mid Cap Index (the "Peer Group"). TSR is calculated as the change in the value of Saras shares and the shares of Peer Groups during the three-year period 2013-2015; the change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1st October 2012 to 31st December 2012) and the final value (average value of shares recorded on the Milan Stock Exchange from 1st October 2015 to 31st December 2015).
The maximum number of shares covered by the Plan is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.
On 8th August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries, with a cost of EUR 1,529 thousand in these consolidated financial statements. "Salaries and wages" and "Social security liabilities" include EUR 6,749 thousand relating to the head count reduction procedure pursuant to article 24 of Law 223/91 as subsequently amended. In the final labour agreement, the only criteria for inclusion in a redundancy programme are a willingness not to oppose to the termination measure (known as "voluntary redundancy"), seniority in terms of age and/or number of contributory years (proximity to meeting the conditions for a retirement pension) and technical, organisational and production requirements. The programme involved 63 people.

6.2.4 Depreciation, amortisation and write-downs

Depreciation, amortisation and write-down figures are shown below.

	31/12/2014	31/12/2013	Change
Amortisation and write-downs of intangible assets	8,771	21,700	(12,929)
Depreciation and write-downs of tangible assets	218,600	171,587	47,013
Total	**227,371**	**193,287**	**34,084**

6.2.5 Write-off and reversal of impairment of the Sarlux\GSE contract

	31/12/2014	31/12/2013	Change
Write-off and reversal of impairment of the Sarlux\GSE contract	(180,000)	232,455	(412,455)
Total	**(180,000)**	**232,455**	**(412,455)**

As described in section 5.2.2 "Intangible assets", the write-off refers to the existing agreement between the subsidiary Sarlux Srl and GSE.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

	31/12/2014	31/12/2013	Change
Financial income:			
- from financial assets recorded under current assets	124	0	124
Other income:			
- Interest on bank and post office accounts	105	719	(614)
- Fair value of derivatives held at the reporting date	211,159	15,283	195,876
- Positive differences on derivatives	138,365	78,715	59,650
- Other income	0	646	(646)
Exchange gains	56,738	113,922	(57,184)
Total Financial Income	**406,491**	**209,285**	**197,206**
Financial charges:			
- Fair value of derivatives held at the reporting date	(170,389)	(19,069)	(151,320)
- Negative differences on derivatives	(59,324)	(105,725)	46,401
- Other (interest on loans, late payment interest, etc.)	(40,405)	(29,188)	(11,217)
Exchange losses	(113,823)	(84,742)	(29,081)
Total Financial Charges	**(383,941)**	**(238,724)**	**(145,217)**
Total	**22,550**	**(29,439)**	**51,989**

The table below shows net income/charges by type:

	31/12/2014	31/12/2013	Change
Net interest income / (expense)	(40,300)	(28,469)	(11,831)
Net result from derivative financial instruments	119,811	(30,796)	150,607
- Realised gains (losses)	*79,041*	*(27,010)*	*106,051*
- Fair value of the open positions	*40,770*	*(3,786)*	*44,556*
Net exchange gains/(losses)	(57,085)	29,180	(86,265)
Other	124	646	(522)
Total	**22,550**	**(29,439)**	**51,989**

The fair value of derivative instruments existing at 31st December 2014 represented net income of EUR 40,770 thousand (compared with a net charge of EUR 3,786 thousand the previous year).
As shown, the main changes relate to net exchange rate differences, as well as gains/losses on derivatives. The derivatives in question relate to hedging transactions to which hedge accounting is not applied.

6.4 Income tax

Income tax can be shown as follows:

	31/12/2014	31/12/2013	Change
Current taxes	1,673	5,585	(3,912)
Deferred tax (income)/expense, net	(1,664)	(118,105)	116,441
Total	**9**	**(112,520)**	**112,529**

Current taxes consist mainly of the IRES surcharge (Robin Tax) calculated, where due, on the taxable income of Italian companies, (EUR 1,365 thousand), and of IRAP (EUR 308 thousand). The change relates to lower income for the period.

Deferred tax income/expense relate to changes during the period in temporary differences between the values reported in the financial statements and the tax beses of assets and liabilities. The changes are mainly due to deferred tax income, relating to the loss under the national tax consolidation scheme of EUR 102,948 thousand net of deferred taxes of EUR 55,701 thousand on the reversal of the impairment loss on the above-mentioned agreement in force with GSE, and the release of deferred tax income of EUR 32,701 thousand relating to the straight-line reporting of Sarlux revenues; offset against this is the de-recognition of the net tax asset of EUR 55,403 relating to the IRES surcharge (Robin Tax) recorded at 31st December 2013 after the tax was declared to be unconstitutional, as explained in detail in section 5.2.4.

The following table shows the temporary differences in the income statement:

Temporary differences in the Income Statement:	TAX 2014		TAX 2013	
	Deferred tax assets/ (liabilities)	P&L effect of decrease in tax rate	Deferred tax assets/ (liabilities)	P&L effect of decrease in tax rate from 10.5% to 6.5%
Excess and accelerated depreciation on assets	(269)	11,592	7,870	(168)
Measurement of closing inventory at FIFO	18,538	(103)	(508)	16
Adjustments for scheduled plant and equipment maintenance	6,052	(177)	1,382	
Reclassification of grants previously carried in equity	(28)		(44)	(3)
Employee benefits and bonuses	(119)	(16)	(3,025)	(4)
Fair value of derivative contracts	(127)		(305)	(53)
Unrealised exchange differences	7,437		(673)	(45)
Fair value of Sarlux contract with GSE	(55,701)		95,214	
Straight-line reporting of Sarlux revenues (as per IAS 17 and IFRIC 4)	(32,701)	(26,431)	978	
Asset maintenance costs deductible in future years	235		(123)	
Valuation of licences of Sardeolica (IFRS 3 on acquisistion of 30% PEU)	309	1,059	341	
Provisions for risks and charges	1,177	(368)	(1,388)	(237)
Deferred tax asset on tax loss of Saras SpA (additional 6.5% IRES)		(38,370)	7,626	(19,707)
Tax asset relating to IRES consolidated net loss	102,948		27,938	
Deferred tax asset on tax loss of Saras Energia	6,902	(2,165)	1,450	
Other temporary differences	2,400	(424)	2,080	(507)
TOTAL	**57,053**	**(55,403)**	**138,813**	**(20,708)**

Differences between the theoretical and effective IRES and IRAP tax rates for the two periods under review are reported below (figures in EUR million):

IRES	2014	2013
PROFIT/(LOSS) BEFORE TAXES [A]	**(261.8)**	**(383.6)**
THEORETICAL CORPORATION TAX IRES [A*27.5% in 2014; A*34% in 2013]	(72.0)	(130.4)
THEORETICAL TAX RATE [B/A*100] %	**27.5%**	**34.0%**
EFFECTIVE INCOME TAXES [C]	**(6.5)**	**(112.5)**
EFFECTIVE TAX RATE [C/A*100] %	**2.5%**	**29.3%**

	2014		2013	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical taxes	**(72.0)**	**27.5%**	**(130.4)**	**34.0%**
Effect of different tax rate for foreign and Italian companies not subject to IRES surcharges	1.0	-0.37%	0.5	-0.12%
Effect of non-deduction of financial charges due to art. 96 TUIR (on IRES surcharge)	0.0	0.00%	1.6	-0.42%
Effect of 4% decrease in IRES surcharge on deferred tax (art. 7 D.L. 138/11)	0.0	0.00%	20.7	-5.40%
Effect of 4% decrease in IRES surcharge on write-off GSE contract	0.0	0.00%	(9.8)	2.55%
Abolition of IRES surcharge (effect on tax asset related to previous year losses) (Constitutional Court ruling of 2015)	38.4	-14.67%	0.0	0.00%
Abolition of IRES surcharge (effect on deferred taxation) (Constitutional Court ruling of 2015)	24.0	-9.18%	0.0	0.00%
Taxes of previous years (Saras)	0.0	0.00%	2.3	-0.60%
Other permanent differences	2.0	-0.78%	2.7	-0.69%
Effective taxes	**(6.5)**	**2.5%**	**(112.5)**	**29.3%**

IRAP	**2014**	**2013**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(284.4)	(354.2)
TOTAL PERSONNEL COSTS	135.9	131.2
ADJUSTED DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)	**-148.5**	**-223.0**
THEORETICAL REGIONAL INCOME TAX IRAP [A*1.17% in 2014; A*3.9% in 2013] [B]	**-1.7**	**-8.7**
THEORETICAL TAX RATE [B/A*100] %	**1.17%**	**3.9%**
EFFECTIVE INCOME TAXES [C]	6.5	0.0
EFFECTIVE TAX RATE [C/A*100] %	**-4.4%**	**0.0%**

	2014		2013	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical taxes	**(1.7)**	**1.17%**	**(8.7)**	**3.9%**
IRAP effect from entities with positive value of production	0.3	-0.20%	0.0	0.00%
IRAP effect on reversal of imparment of GSE/Sarlux contract	6.2	-4.18%	0.0	0.00%
IRAP tax assets not recognizable in companies with negative EBIT	1.7	-1.14%	8.7	-3.90%
Other permanent differences	0.0	0.00%	0.0	0.00%
Effective taxes	**6.5**	**-4.4%**	**0.0**	**0.0%**

7. Additional disclosures

For information on events that took place after the end of the period, please see the relevant section in the Report on Operations.

7.1 Main legal actions pending

The Parent Company Saras SpA and Sarlux Srl were subject to tax inspections and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.
Although the decisions made by the tax courts were not consistent, it is assumed that any liability is likely to be remote.
In addition, as regards the subsidiary Sarlux Srl, legal action is pending regarding the IGCC plant not being recognised as a cogeneration plant, resulting in the company being required to purchase green certificates.
Specifically:

i) Generation: 2002-2005 and 2009. Companies producing electricity that is not from renewable sources or cogeneration (as defined by AEEG Resolution 42/02) are required to purchase green certificates in respect of a certain percentage of electricity introduced into the grid. A specially-created AEEG committee, in coming to a different interpretation of the resolution subsequently, deemed the Company subject to this obligation for the years 2002-2005. Sarlux has initiated administrative proceedings for all those contested. In March 2015 the Council of State (the highest administrative court) accepted, as its final decision, Sarlux's appeal for the years 2002-2005, granting Sarlux the right to a reimbursement of the charges incurred net of related amounts recognised in the electricity sales tariff pursuant to Section II, point 7-bis of CIP Provision 6/92. However, in its ruling the Council of State did not pronounce on one point (hydrogen produced by the plant qualifying as "useful heat"), that would have also allowed the subsidiary to be considered a cogeneration plant for 2009 generation. Sarlux, considering the arguments already presented to the high court to be justified, intends to launch further legal action with the aim of achieving recognition of its arguments relating to cogeneration in 2009.

These financial statements show a net receivable of EUR 17,700,910 for 2002-2005 (a gross charge of EUR 31,937,498 net of a reimbursement pursuant to CIP 6/92 of EUR 14,236,588) and a net receivable of EUR 4,966,320 for 2009 (a gross charge of EUR 12,331,199 net of a reimbursement pursuant to CIP 6/92 of EUR 7,364,879). The subsidiary is currently agreeing with GSE the repayment method for the amounts relating to 2002-2005.

ii) Generation: 2011, 2012 and subsequently. As regards production in 2011, 2012 and 2013, the Company submitted the cogeneration declaration pursuant to the requirements of Resolution 42/02 as in previous years, since it considered this resolution was still in effect. GSE instead ruled that, starting with the 2012 obligation (2011 production), the only reference regulation was that for High Yield Cogeneration as set out in the Ministerial Decree of 4th April 2011, and therefore rejected the Company's request. Sarlux Srl therefore lodged various appeals with the Regional administrative court (TAR) with the aim of receiving confirmation that Resolution 42/02 is applicable or, if the regulation for High Yield Cogeneration is applicable, that cogeneration conditions were satisfied for the years in question. In the meantime, in order to avoid incurring administrative penalties, the Company purchased green certificates for 2011 and 2012 production as per GSE's calculation totalling EUR 48,660,040 and immediately submitted a claim for a refund of EUR 26,885,212 to the AEEG, of which EUR 11,744,546 was granted and disbursed in 2014 and EUR 15,140,666 was granted in February 2015. The situation described above also applies to 2013 and 2014; for 2013 in particular, GSE has already rejected the cogeneration statement submitted by the Company and, to date, no communication about the number of green certificates to be purchased has been received. Should the Company lose the case, the estimated net cost for 2013 would amount to about EUR 9 million. Although the appeal lodged with the TAR aimed at confirming the applicability of Resolution 42/02 was rejected in February 2015, Sarlux Srl considers that the arguments supporting this appeal, whose rejection may in any case be appealed against, and the appeal aimed at confirming that the cogeneration conditions have been satisfied should the High Yield Cogeneration rules be applied, are valid and applicable for all the years in dispute, and has therefore not recorded any charges or income for 2011 onwards.

For the legal proceedings relating to the Eleonora project, see note 5.2.2.

Please refer to the Report on Operations for details on fatal accidents that occurred in 2009 and 2011.

7.2 Early withdrawal from CIP 6/92 agreement

Based on the provisions of article 3, paragraph 1, of the Ministry for Economic Development's Decree of 2nd December 2009, on 16th December 2009 Sarlux Srl, as a party to an agreement signed under the CIP 6/92 programme effective 1st January 2010 for plants that use process fuels from residues, expressed its interest in an early withdrawal from the agreement to Gestore dei Servizi Elettrici (GSE), on a non-binding basis.

GSE determined the fees payable to terminate the agreement: the Ministry for Economic Development subsequently extended the deadline for presentation of the binding application for voluntary early withdrawal from the CIP6 agreement to 30th September 2015.

The Company is assessing the alternatives available in order to arrive at a decision by the deadline.

7.3 Earnings per share

Earnings per share (EPS) is calculated by dividing net profit by the weighted average number of Saras SpA shares outstanding during the year, excluding own shares.

The loss per share totalled 28.29 euro cents for the 2014 financial year, compared with a loss per share of 29.29 euro cents in 2013.

The average number of shares outstanding was 925,603,300 in 2014 and in 2013. At 31st December 2014, Saras SpA held 19,245,774 own shares due to the allocation of bonus shares to the management of the Group companies.

Diluted earnings per share do not differ significantly from basic earnings per share.

7.4 Transactions with related parties

The transactions carried out by Saras with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature.
The figures for trading, miscellaneous and financial transactions with related parties are set out below, and information is provided on the largest transactions.
The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below:

Table showing details of transactions with related parties

Description	Absolute value (EUR./000) and % of item in statements				Item	Business reason
	31/12/2014		31/12/2013			
IMMOBILIARE ELLECI SpA						
Rent	(9)	0.00%	(12)	0.00%	Cost of services and sundry costs	Rent of buildings
SECURFIN HOLDINGS SpA						
Services rendered by staff	2	0.00%	23	0.02%	Other income	Staff on secondment
Rent	(539)	0.10%	(589)	0.11%	Cost of services and sundry costs	Rental of building and parking spaces in Milan
Receivables for goods & services supplied	2	0.00%	23	0.00%	Current trade receivables	Trade receivables
F.C. INTERNAZIONALE SpA						
Services received	(28)	0.00%	(1)	0.00%	Cost of services and sundry costs	Purchase of tickets for sports matches
ANGELO MORATTI SapA						
Services rendered by staff	0	0.00%	29	0.02%	Other income	Staff on secondment
Receivables for goods & services supplied	0	0.00%	29	0.00%	Current trade receivables	Trade receivables
GIAN MARCO MORATTI SapA						
Services rendered by staff	42	0.03%	8	0.01%	Other income	Staff on secondment
Receivables for goods & services supplied	30	0.00%	4	0.00%	Current trade receivables	Trade receivables
MASSIMO MORATTI SapA						
Services rendered by staff	42	0.03%	8	0.01%	Other income	Staff on secondment
Receivables for goods & services supplied	30	0.00%	4	0.00%	Current trade receivables	Trade receivables
MANTA Srl						
Services rendered by staff	50	0.04%	48	0.04%	Other income	Staff on secondment
Services received	(747)	0.14%	(498)	0.09%	Cost of services and sundry costs	Security services
Receivables for goods & services supplied	50	0.01%	48	0.01%	Current trade receivables	Trade receivables
Payables for supply of goods and services	(116)	0.01%	(251)	0.02%	Trade payables and other current payables	Trade payables
DE SANTIS Srl						
Services received	(1)	0.00%	(2)	0.00%	Cost of services and sundry costs	Catering services

Transactions with related parties shown above took place at arm's lenght.

During 2014, transactions were carried out with the shareholder Rosneft JV Projects SA or with its related parties for acquisitions totalling EUR 61,572 thousand.
With regard to the above-mentioned transactions, contracts governing provision of services are settled with amounts corresponding as closely as possible to market conditions; expenses recharged in relation to seconded personnel are charged at cost and no margin is applied.
The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below:

	31/12/2014			31/12/2013		
	Total	Related Parties	%	Total	Related Parties	Proportion%
Current trade receivables	426,816	112	0.0%	670,267	108	0.0%
Trade and other current payables	1,714,284	116	0.0%	1,605,867	251	0.0%

The effects on the income statement of transactions or positions with related parties are summarised in the table below:

	31/12/2014			31/12/2013		
	Total	Related Parties	%	Total	Related Parties	Proportion%
Revenues from ordinary operations	10,103,123	0	0.0%	11,106,282	0	0.0%
Other income	168,587	136	0.1%	123,682	116	0.1%
Cost of services and sundry costs	(531,024)	(1,324)	0.2%	(542,693)	(1,102)	0.2%

The main cash flows with related parties are shown in the table below.

Cash flows with related parties	2014	2013
Net (income) / charges from equity interests carried at equity	0	0
(Increase) / Decrease in trade receivables	(4)	(1)
Increase / (Decrease) in trade payables and other payables	135	(97)
Changes in other current assets	0	0
Changes in other non current liabilities	0	0
Cash flows from / (used in) operating activities	**131**	**(98)**
Interest received / (paid)	0	0
Cash flows from / (used in) investments	**0**	**0**
Increase / (Decrease) in short term financial debts	0	0
Cash flows from / (used in) financial assets	**0**	**0**
Total cash flows with related parties	**131**	**(98)**

The effects of cash flows with related parties are shown in the table below:

	31/12/2014			31/12/2013		
	Total	Related Parties	%	Total	Related Parties	%
Cash flows from / (used in) operating activities	148,157	131	0.00	323,760	(98)	n.a.
Cash flows from / (used in) investing activities	(106,193)	0	n.a.	(63,536)	0	n.a.
Cash flows from / (used in) financing assets	83,248	0	n.a.	(54,515)	0	n.a.

7.5 Disclosures pursuant to International Financial Reporting Standards 7 and 13 - Financial Instruments: Disclosures

To the extent that it is applicable to the Saras Group, the disclosures of financial instruments to be provided in financial statements and interim reports are mainly set out in IFRS 7 and 13.
IFRS 7 - "Financial Instruments: Disclosures" requires entities to provide supplementary disclosures in financial statements that make it possible to evaluate:

a) The value of financial instruments reported in the financial statements;
b) The nature and extent of the risks deriving from financial instruments to which the Company is exposed during the year and at the reporting date, and the way in which this is managed.

IFRS 13 - Fair Value Measurement, which is applicable from 1st January 2013, requires supplementary disclosures on fair value, some of which are also required for interim reports. In general, the standard clarifies how fair value should be calculated for the purposes of financial statements, and it applies to all IFRS standards that require or permit fair value measurement or the presentation of information based on fair value.

Fair value hierarchy

Points a) and b) of paragraph 93 of the standard in question require the disclosure of the amount of assets and liabilities measured at fair value broken down by fair value hierarchy. To this end, IFRS 13 defines a precise three-tier fair value hierarchy. The criterion used concerns the actual degree to which inputs used for the estimate can be observed. As such, the hierarchy establishes the various levels of reliability of fair value, depending on whether it is based on:

(a) (unadjusted) prices taken from an active market – as defined by IAS 39 – for the assets and liabilities being valued (level 1);
(b) Valuation techniques that use inputs other than listed prices, as indicated in the point above, as a reference, which can either be observed directly (prices) or indirectly (derived from prices) on the market (level 2);
(c) Valuation techniques that use inputs that are not based on observable market data as a reference (level 3).

Based on the above, the following table shows assets and liabilities measured at fair value by the Group at 31st December 2013, broken down according to the fair value hierarchy:

Assets	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	77,639			14,472			77,639	14,472	92,111
SWAPS	15,964						15,964	0	15,964
OPTIONS	103,195						103,195	0	103,195
GREEN CERTIFICATES									0
Total	**196,798**	**0**	**0**	**14,472**	**0**	**0**	**196,798**	**14,472**	**211,270**

Liabilities	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	(38,379)					(1,572)	(38,379)	(1,572)	(39,951)
SWAPS	(1,385)						(1,385)	0	(1,385)
OPTIONS	(131,012)						(131,012)	0	(131,012)
Total	**(170,776)**	**0**	**0**	**0**	**0**	**(1,572)**	**(170,776)**	**(1,572)**	**(172,348)**

The criterion used by the Group specifies that financial assets and liabilities measured at fair value should be transferred from one level of the hierarchy to another on the date the circumstances that determine the transfer arise. Pursuant to point c) of paragraph 93, there were no reclassifications among the various levels of the fair value hierarchy during the period.

Valuation techniques

As can be seen from the table in the section above, financial instruments measured at fair value by the Saras Group largely consisted of derivatives that were mainly entered into by the Parent Company (but also by the subsidiary Sardeolica Srl) to mitigate exchange and interest rate risks and the risks of fluctuations in crude oil and oil product prices.
Specifically, the measurement at fair value of these instruments is carried out:

- for interest and exchange rate derivatives, based on regular official statements received from counterparties (financial intermediaries) with which the instruments were created;
- for commodity-based derivatives, based on account statements on open positions that are periodically received from the clearing broker through which the instruments are agreed.

For all types of derivatives described above, the fair value measurements received from the counterparties in open positions are verified by comparing them to the fair value measurement carried out within the Group for the same positions.. These internal measurements are carried out using reference parameters observable on markets (spot and forward interest rates, exchange rates, and crude oil and oil product prices available in active regulated markets).

The measurement does not take into account counterparty risk as the effect is not significant given the deposits securing the positions.

The Saras Group has no financial assets or liabilities that are measured at fair value level 3 pursuant to IFRS 13.

The criteria contained in IFRS 7 supplement those set out for the recognition, measurement and disclosure in the financial statements of financial assets and liabilities listed in IAS 32 - Financial instruments: Disclosure and Presentation and IAS 39 - Financial instruments: Recognition and Measurement.

The standard applies to all entities and all types of financial instruments, except for equity interests in subsidiaries, affiliates and joint ventures accounted for in accordance with IAS 27, 28 or 31, employers' rights and obligations arising from employee benefit schemes (IAS 19), contracts relating to business combinations (IFRS 3), insurance contracts (IFRS 4) and financial instruments, contracts and obligations relating to share-based payments (IFRS 2).

7.5.1 Disclosures on the statement of financial position

Sections 8-19 of IFRS 7 state that the carrying value of all financial instruments belonging to the categories set out in IAS 39 must be disclosed, as well as detailed information where the Group has opted to record financial assets or liabilities at fair value through profit or loss, or where it has reclassified or derecognised financial assets. The statement of financial position of the Saras Group at 31st December 2014 and 31st December 2013 is shown below, with details of the Group's financial instruments:

31/12/2014	Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2014
	Designated at Fair Value	Held for trading						
ASSETS								
Current assets	**0**	**216,072**	**0**	**1,262,701**	**0**	**0**	**761,835**	**2,240,608**
Cash and cash equivalents				633,544				633,544
Other financial assets		216,072		78,442				294,514
Securities held for trading		*4,802*						
Green certificates				*33,053*				
Derivative instruments		*211,270*						
Other current financial assets				*45,389*				
Trade receivables				426,816				426,816
Inventories							670,065	670,065
Current tax assets							78,264	78,264
Other assets		0		123,899			13,506	137,405
Receivable for reimbursement of emission trading charges				*32,114*				
White certificates							*6,535*	
Other receivables				*91,785*			*6,971*	
Non-current assets	**0**	**0**	**0**	**5,125**	**502**	**0**	**1,615,773**	**1,621,400**
Property, plant and equipment							1,121,128	1,121,128
Intangible assets							286,134	286,134
Other equity interests					502			502
Deferred tax assets							208,511	208,511
Other financial assets				5,125			0	5,125
Loans				*4,547*				
Other receivables				*578*				
Total financial assets	**0**	**216,072**	**0**	**1,267,826**	**502**	**0**	**2,377,608**	**3,862,008**
LIABILITIES								
Current liabilities	**0**	**172,348**	**0**	**0**	**0**	**2,165,178**	**168,664**	**2,506,190**
Short-term financial liabilities		172,348				377,771		550,119
Bonds						*249,723*		
Bank loans (secured)						*31,668*		
Overdrafts						*68,749*		
Loans from non-consolidated companies and other payables						*27,631*		
Derivative instruments		*172,348*						
Trade and other payables						1,714,284		1,714,284
Current tax liabilities							168,664	168,664
Other liabilities						73,123		73,123
Other payables						*73,123*		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**278,427**	**413,412**	**696,075**
Long-term financial liabilities						276,595		276,595
Bank loans (secured)						*102,868*		
Bonds						*173,727*		
Provisions for risks							72,033	72,033
Provisions for employee benefits							12,011	12,011
Deferred tax liabilities							4,236	4,236
Other liabilities						1,832	329,368	331,200
Other payables						*1,832*		
Total financial liabilities	**0**	**172,348**	**0**	**0**	**0**	**2,443,605**	**582,076**	**3,202,265**

31/12/2013	Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2013
	Designated at Fair Value	Held for trading						
ASSETS								
Current assets	**0**	**17,046**	**0**	**1,273,525**	**0**	**0**	**996,836**	**2,287,407**
Cash and cash equivalents				506,827				506,827
Other financial assets		17,046		29,233				46,279
Securities held for trading		*3,418*						
Green certificates				*17,599*				
Derivative instruments		*13,628*						
Other current financial assets				*11,634*				
Trade receivables				670,818				670,818
Inventories							926,063	926,063
Current tax assets							48,950	48,950
Other assets		0		66,647			21,823	88,470
Receivable for reimbursement of emission trading charges				*13,487*				
Deposits to secure derivative instruments				*10,911*				
White Certificates							*17,187*	
Other receivables				*42,249*			*4,636*	
Non-current assets	**0**	**0**	**0**	**5,551**	**505**	**0**	**1,520,068**	**1,526,124**
Property, plant and equipment							1,217,425	1,217,425
Intangible assets							97,083	97,083
Other equity interests					505			505
Deferred tax assets							205,560	205,560
Other financial assets				5,551				5,551
Loans				*4,960*				
Other receivables				*591*				
Total financial assets	**0**	**17,046**	**0**	**1,279,076**	**505**	**0**	**2,516,904**	**3,813,531**
LIABILITIES								
Current liabilities	**0**	**21,424**	**0**	**0**	**0**	**1,823,121**	**170,440**	**2,014,985**
Short-term financial liabilities		21,424				159,546		180,970
Bank loans (secured)						*5,359*		
Bank loans						*143,425*		
Overdrafts								
Loans from non-consolidated companies and other payables						*10,762*		
Derivative instruments		*21,424*						
Trade and other payables						1,605,867		1,605,867
Current tax liabilities							168,472	168,472
Other liabilities						57,708	1,968	59,676
Other payables						57,708		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**388,471**	**485,232**	**877,344**
Long-term financial liabilities						385,780		385,780
Bank loans (secured)						*23,123*		
Bank loans						*113,433*		
Bond						*249,224*		
Provisions for risks							42,978	42,978
Provisions for employee benefits							19,906	19,906
Deferred tax liabilities							3,641	3,641
Other liabilities						2,691	422,348	425,039
Other payables						*2,691*		
Total financial liabilities	**0**	**21,424**	**0**	**0**	**0**	**2,211,592**	**655,672**	**2,892,329**

Financial instruments measured at fair value through profit or loss comprise derivatives held by the Parent Company and the subsidiary Sardeolica Srl, described in section 5.3.1 above. The derivatives contracts relate to commodities, interest rates and foreign exchange; the first were entered into by the Parent Company to mitigate the risks inherent in the business in which it operates, which stem from changes in the price of crude and oil products (futures, options and swaps); the second were entered into by the Parent Company and the subsidiary to hedge interest rate risk on loans; and the third were entered into by the Parent Company to hedge foreign exchange risk on open currency positions.

All trade receivables and most other current and non-current receivables are classified as "Loans" since they consist of non-derivative financial assets with fixed or determinable payments that are not listed on any active market. The value reported in the financial statements is close to the fair value.

With regard to the remaining financial assets and liabilities that are not directly measured at fair value, their carrying value is close to their fair value.

Other financial liabilities measured at amortised cost include all the Group's financial and commercial liabilities arising from contractual obligations for the Group to deliver cash or other financial assets to another entity.

No financial assets measured at amortised cost were restated at fair value or vice versa; nor were any financial assets transferred and derecognised, with the exception of trade receivables sold on a "without recourse" basis. An analysis of the contractual terms and conditions confirmed that the receivables in question could be derecognised.

All financial assets are booked on the trade date.

During the year, all obligations were met with respect to the scheduled repayment of loans in place at the end of the period.

7.5.2 Income statement disclosures

Paragraph 20 of IFRS 7 requires companies to disclose the amount of net gains or losses generated by financial assets and liabilities, broken down according to the various income statement items. This information may be provided in either the financial statements or the notes to the financial statements: to avoid overloading the financial statements with information, as advised in the Appendix to the accounting standard itself, the Group has opted for the second alternative.

The following tables therefore show details of income statement items for the current year and the previous year:

2014	Net profits and losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	Balance at 31/12/2014
	Designated at fair value	Held for trading							
Revenues from ordinary operations							0	10,103,123	10,103,123
Other income				10,985			10,985	157,602	168,587
Total revenues	**0**	**0**	**0**	**10,985**	**0**	**0**	**10,985**	**10,260,725**	**10,271,710**
Purchases of raw materials, spare parts and consumables							0	(9,841,780)	(9,841,780)
Cost of services and sundry costs				(1,291)			(1,291)	(529,733)	(531,024)
Personnel costs							0	(135,923)	(135,923)
Depreciation, amortisation and write-downs								(227,371)	(227,371)
Write-offs and reversals of the write-offs for Sarlux\GSE contract							0	180,000	180,000
Total costs	**0**	**0**	**0**	**(1,291)**	**0**	**0**	**(1,291)**	**(10,853,162)**	**(10,556,098)**
Operating results	**0**	**0**	**0**	**9,694**	**0**	**0**	**9,694**	**(592,437)**	**(284,388)**
Net income (charges) from equity interests									
Other net financial income (charges)		119,935		(63,808)		(33,577)	22,550		22,550
from securities held for trading		*124*					*124*		
- of which									
Realized gains (losses)									
Change in fair value									
from current account interest				*105*			*105*		
from derivative instruments		*119,811*					*119,811*		
- of which									
Realized gains (losses)		*79,041*							
Change in fair value		*40,770*							
from other financial assets							*0*		
from interest on loans						*(33,577)*	*(33,577)*		
from interest on factoring transactions				*(6,828)*			*(6,828)*		
from other receivables/payables				*(57,085)*			*(57,085)*		
Profit/(loss) before taxes	**0**	**119,935**	**0**	**(54,114)**	**0**	**(33,577)**	**32,244**	**(592,437)**	**(261,838)**
Income tax									(23)
Net profit/(loss)									**(261,861)**

2013	Net profits and losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	Balance at 31/12/2013
	Designated at fair value	Held for trading							
Revenues from ordinary operations							0	11,106,282	11,106,282
Other income				17,572			17,572	106,110	123,682
Total revenues	**0**	**0**	**0**	**17,572**	**0**	**0**	**17,572**	**11,212,392**	**11,229,964**
Purchases of raw materials, spare parts and consumables							0	(10,484,447)	(10,484,447)
Cost of services and sundry costs				(1,085)			(1,085)	(541,608)	(542,693)
Personnel costs							0	(131,243)	(131,243)
Depreciation, amortisation and write-downs							0	(425,742)	(425,742)
Total costs	**0**	**0**	**0**	**(1,085)**	**0**	**0**	**(1,085)**	**(11,583,040)**	**(11,584,125)**
Operating results	**0**	**0**	**0**	**16,487**	**0**	**0**	**16,487**	**359,230**	**(354,161)**
Net income (charges) from equity interests									
Other net financial income (charges)		(30,796)		25,142		(24,431)	(30,085)	646	(29,439)
from securities held for trading									
- of which									
Realized gains (losses)									
Change in fair value									
from current account interest				*719*			*719*		
from derivative instruments		*(30,796)*					*(30,796)*		
- of which									
Realized gains (losses)		*(27,010)*							
Change in fair value		*(3,786)*							
from other financial assets							*0*		
from interest on loans						*(24,431)*	*(24,431)*		
from interest on factoring transactions				*(4,757)*			*(4,757)*		
from other receivables/payables				*29,180*			*29,180*		
Profit/(loss) before taxes	**0**	**(30,796)**	**0**	**41,629**	**0**	**(24,431)**	**(13,598)**	**359,876**	**(383,600)**
Income tax									112,520
Net profit/(loss)									**(271,080)**

Financial instruments measured at fair value through profit or loss generated net income of EUR 120,040 thousand (versus net charges of EUR 30,786 thousand in 2013), due to changes in the fair value of the derivatives.

Financial instruments recorded under “Loans” generated charges of EUR 54,219 thousand (versus income of EUR 41,629 thousand in the previous year), chiefly owing to exchange gains on trade accounts.

Other financial liabilities measured at amortised cost generated losses of EUR 33,577 thousand (EUR 24,431 thousand in the previous year), mainly due to interest on loans.

7.5.3 Additional disclosures

7.5.3.1 Accounting for derivatives transactions

As stated earlier, the Parent Company enters into derivative contracts on commodities to mitigate the risks arising from changes in the price of crude oil and oil products, on the EUR/USD exchange rate to hedge against the risks relating to its currency positions, and on interest rates, to hedge against interest rate risk on its loans.

At 31st December 2014, outstanding derivatives contracts included derivatives on all three types of underlying assets, classified as financial instruments held for trading.

Moreover, the subsidiary Sardeolica Srl has outstanding derivative contracts comprising variable interest rate swaps to hedge interest rate risk on loans obtained for the construction of the company's wind farm.

These instruments are recorded at fair value: changes in fair value are recorded in the income statement under financial income or financial charges.

The outstanding positions on commodities and foreign exchange at the reporting date are expected to be closed out by the end of the first quarter of 2015, while the interest rate swaps have the same duration as the underlying loans.

The fair value of the instruments is determined based on the statements sent periodically by the counterparties.

7.5.3.2 Fair value

Financial assets and liabilities, with the exception of derivatives, are measured using the amortised cost method: since these are chiefly positions underlying transactions which are expected to be settled in the short term, or long-term financial assets and liabilities carrying interest rates in line with current market values, amortised cost is not significantly different from the fair value at 31st December 2014.
Note that the bond loan carries a fixed rate and that market values from the relevant stock market are not available. The value of the related cash flows, discounted to present value at the market rate, does not differ significantly from the value recorded in the financial statements.

In accordance with the amendment to IFRS 7 implemented in the EU with EC Regulation 1165 of 27th November 2009, all financial instruments booked at fair value are calculated based on valuation techniques that use observable market parameters other than the prices of these instruments as their reference, except for forex and commodities futures classified under "Other current assets" or "Short-term financial liabilities", which are valued based on prices in an active market; moreover, during the year there were no changes in valuation methods compared with the previous year.

7.5.4 Risks deriving from financial instruments

Risks deriving from financial instruments to which the Group is exposed are:

a. Credit risk: i.e. the risk that the Group will incur a loss in the event that a counterparty to a financial instrument defaults;
b. Liquidity risk: i.e. the risk that the Group will be unable to service payment obligations arising from the agreed maturities of its financial liabilities;
c. Market risk: i.e. the risk relating to the performance of markets in which the Group operates, which incorporates foreign exchange risk, interest rate risk and the price risk of crude and oil products.

For information on risk management policies concerning the above, please refer to the relevant section of the Report on Operations.

7.5.4.1 Credit risk

Exposure to credit risk relates mainly to trade receivables, other current and non-current receivables, assets held for trading and cash and cash equivalents.

The information required by paragraph 36-38 of IFRS 7 is shown in the following tables:

	Book value at 31/12/2014		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue				Total	Recognized during the year	Cumulative
						0-30 days	31-60 days	61-90 days	over 90 days			
Current assets	**2,240,608**	**1,494,064**	**1,494,064**	**192,910**	**1,455,023**	**18,313**	**963**	**197**	**19,568**	**1,494,064**		
Cash and cash equivalents	633,544	633,544	633,544		633,544					633,544		
Other financial assets	294,514	294,514	294,514		294,514					294,514		
Trade receivables	442,107	442,107	442,107	192,910	403,066	18,313	963	197	19,568	442,107		
Provisions for doubtful receivables	(15,291)									0	(660)	(15,291)
Inventories	670,065	0										
Current tax assets	78,264	0										
Other assets	137,405	123,899	123,899		123,899					123,899		
Non-current assets	**1,621,400**	**5,627**	**5,125**	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	1,121,128	502										
Intangible assets	286,134	0										
Other equity interests	502	0	0									
Deferred tax assets	208,511	0										
Other financial assets	5,125	5,125	5,125							0		
Total assets	**3,862,008**	**1,499,691**	**1,499,189**	**192,910**	**1,455,023**	**18,313**	**963**	**197**	**19,568**	**1,494,064**		

	Book value at 31/12/2013		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue				Total	Recognized during the year	Cumulative
						0-30 days	31-60 days	61-90 days	over 90 days			
Current assets	**2,287,407**	**1,290,571**	**1,305,575**	**282,944**	**1,222,707**	**55,528**	**2,890**	**5,908**	**3,538**	**1,290,571**		
Cash and cash equivalents	506,827	506,827	506,827		506,827					506,827		
Other financial assets	46,279	46,279	46,279		46,279					46,279		
Trade receivables	670,818	685,822	685,822	282,944	602,954	55,528	2,890	5,908	18,542	685,822		
Provisions for doubtful receivables		(15,004)							(15,004)	(15,004)	(1,085)	(15,004)
Inventories	926,063	0										
Current tax assets	48,950	0										
Other assets	88,470	66,647	66,647		66,647					66,647		
Non-current assets	**1,526,124**	**6,056**	**6,056**	**0**	**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	1,217,425	0										
Intangible assets	97,083	0										
Equity interests carried at equity	0	0										
Other equity interests	505	505	505									
Deferred tax assets	205,560	0										
Other financial assets	5,551	5,551	5,551							0		
Total assets	**3,813,531**	**1,296,627**	**1,311,631**	**282,944**	**1,222,707**	**55,528**	**2,890**	**5,908**	**3,538**	**1,290,571**		

Guarantees on trade receivables are represented by sureties required by Saras SpA and obtained from its wholesale customers, by a credit insurance policy taken out by the Company that covers the majority of its turnover; and by letters of credit that guarantee a portion of Parent Company receivables.

7.5.4.2 Liquidity risk

Exposure to liquidity risk relates mainly to trade payables and bank loans. However, given the Group's considerable self-financing capacity, coupled with its low level of debt, liquidity risk is considered moderate.

As stated earlier, during the year the Group met all its obligations with respect to the payment of loans in place at the end of the period. The comparative quantitative disclosures required by Section 39 of the relevant accounting standard are set out in the table below:

	Book value at 31/12/2014		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guarantees	2015	2016	2017	2018	2019	over 5 years
LIABILITIES										
Current liabilities	**2,506,190**	**2,540,998**	**2,541,275**	**0**	**1,990,879**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	550,119	550,119		0	0					
Bonds		*249,723*	*250,000*		*249,723*					
Interest on bond (tyearly rate = 5,583%)					*6,971*					
Bank loans (secured)		*31,668*	*31,668*		*31,668*					
Overdrafts		*68,749*	*68,749*		*68,749*					
Interest (actual average yearly rate = 3.63%)					*3,645*					
Loans from non consolidated Group Companies & other payables		*27,631*	*27,631*		*27,631*					
Derivative instruments		*172,348*	*172,348*		*169,751*					
Trade and other payables	1,714,284	1,714,284	1,714,284		1,714,284					
Current tax liabilities	168,664									
Other liabilities	73,123	276,595	276,595		276,595					
Non-current liabilities	**696,075**	**278,427**	**279,700**	**0**	**8,750**	**40,530**	**85,403**	**8,750**	**179,747**	**0**
Long-term financial liabilities	276,595	276,595	277,868	0	8,750	38,699	85,403	8,750	179,747	0
Bank loans (secured)		*102,868*	*102,868*			*28,900*	*73,968*			
Bonds		*173,727*	*175,000*						*175,000*	
Interest on medium/long term loans (actual average yearly rate = 3.63%)						*1,049*	*2,685*			
Interest on Bond (rate = 5,00%)					*8,750*	*8,750*	*8,750*	*8,750*	*4,747*	
Provisions for risks and charges	72,033	0								
Provisions for employee benefits	12,011	0								
Deferred tax liabilities	4,236	0								
Other liabilities	331,200	1,832	1,832			1,831				
Total liabilities	**3,202,265**	**2,819,425**	**2,820,975**	**0**	**1,999,629**	**40,530**	**85,403**	**8,750**	**179,747**	**0**

	Book value at 31/12/2013		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guar- antees	2014	2015	2016	2017	2018	over 5 years
LIABILITIES										
Current liabilities	**2,014,985**	**1,844,545**	**1,846,167**	**17,149**	**1,854,349**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	180,970	180,970		17,149	190,774					
Bank loans (secured)		*5,359*	*6,238*	*6,238*	*6,238*					
Bank loans		*143,425*	*144,168*		*144,168*					
Overdrafts		*0*	*0*		*0*					
Interest (actual average yearly rate = 5.44%)					*8,182*					
Loans from non consolidated Group Companies & other payables		*10,762*	*10,762*		*10,762*					
Derivative instruments		*21,424*	*21,424*	*10,911*	*21,424*					
Trade and other payables	1,605,867	1,605,867	1,605,867		1,605,867					
Current tax liabilities	168,472									
Other liabilities	59,676	57,708	57,708		57,708					
Non-current liabilities	**877,344**	**388,471**	**390,609**	**23,992**	**13,958**	**48,539**	**331,271**	**32,002**	**0**	**0**
Long-term financial liabilities	385,780	385,780	387,918	23,992	13,958	48,539	331,271	29,311	0	0
Bank loans (secured)		*23,123*	*23,992*	*23,992*		*3,647*	*20,345*			
Bank loans		*113,433*	*113,926*			*30,775*	*56,100*	*28,050*		
Bonds		*249,224*	*250,000*				*250,000*			
Interest on medium/long term loans (actual average yearly rate = 4.663%)						*6,431*	*4,826*	*1,261*		
Interest on Bond (rate = 5.583%)					*13,958*	*7,686*				
Provisions for risks and charges	42,978									
Provisions for employee benefits	19,906									
Deferred tax liabilities	3,641									
Other liabilities	425,039	2,691	2,691					2,691		
Total liabilities	**2,892,329**	**2.233.016**	**2,236,776**	**41,141**	**1,868,307**	**48,539**	**331,271**	**32,002**	**0**	**0**

7.5.4.3 Market risk

As stated previously, the market risks to which the Group is exposed via its financial instruments relate to:

- The EUR/USD exchange rate, which affects the value of cash and cash equivalents and receivables and payables recorded at the reporting date, and which determines the exchange gains and losses recorded under "Financial income" or "Financial charges" as well as the fair value of derivatives held at the reporting date;
- The Euribor interest rate, to which the interest rates paid by the Group on its loans are indexed, as well as the fair value of derivative instruments held at the reporting date;
- Prices of crude oil and oil products, which affect the fair value of the derivatives in place at the reporting date.

As required by paragraph 40 of IFRS 7, a sensitivity analysis for every type of risk to which the Group is exposed at the reporting date has been prepared, which shows the effects of these risks on the income statement and shareholders' equity. The ranges used in the sensitivity analysis (exchange rate, interest rate and crude price) are in line with management's forecasts. The results of the analysis are shown in the tables below.

Euro/dollar exchange rate

With reference to the EUR/USD exchange rate, at the reporting date the Saras Group had financial instruments denominated in the latter currency recorded mainly under trade receivables and payables (principally relating to the Parent Company).
The Group carried out a simulation of the impact on net profit and shareholders' equity, assuming a change of +/- 10% in the EUR/USD exchange rate at the end of the year, which was used to translate currency positions for the preparation of financial position.

2014					
EUR / US Dollar exchange rate				**Change in benchmark**	
Statement of financial position items	**Amount in foreign currency**	**EUR/US Dollar exchange rate**	**Amount in thousand of EUR**	**-10%**	**+10%**
Net position in foreign currency	**(1,116,404)**	**1.2141**	**(919,532)**		
Effect on profit before taxes				**(102,170)**	**83,594**
Effect on net profit (and shareholders' equity)				**(74,073)**	**60,606**

The following table shows the simulation at 31st December 2013:

2013					
EUR / US Dollar exchange rate				**Change in benchmark**	
Statement of financial position items	**Amount in foreign currency**	**EUR/US Dollar exchange rate**	**Amount in thousand of EUR**	**-10%**	**+10%**
Net position in foreign currency	**(835,493)**	**1.3791**	**(605,825)**		
Effect on profit before taxes				**(67,314)**	**55,075**
Effect on net profit (and shareholders' equity)				**(41,735)**	**34,146**

To mitigate the effects caused by sensitivity to the EUR/USD exchange rate, the Parent Company also enters into forward exchange rate contracts, which are recorded in the financial statements at their fair value on the reporting date. As the fair value is inevitably affected by the underlying exchange rate, a simulation of the impact on Group net profit and shareholders' equity was carried out, assuming a change of +/-10% in the benchmark parameters.

The results of the simulation are shown in the following table:

2014			
		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2014**	**-10%**	**+10%**
Exchange rates	14,472	109,370	(62,815)
	14,472	**109,370**	**(62,815)**
Effect on profit before taxes		**109,370**	**(62,815)**
Effect on net profit (and shareholders' equity)		**79,293**	**(45,541)**

2013			
		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2013**	**-10%**	**+10%**
Exchange rates	(2,469)	86,704	(71,400)
	(2,469)	**86,704**	**(71,400)**
Effect on profit before taxes		**86,704**	**(71,400)**
Effect on net profit (and shareholders' equity)		**53,756**	**(44,268)**

Interest rates

The Group has medium/long-term as well as short-term exposure to variable interest rates indexed to Euribor.

A simulation of the impact of this variable on Group net profit and shareholders' equity was carried out, assuming a change of +/- 50 basis points in rates and only taking into account the portion of variable-rate funding.

The results o f the simulation are shown in the table below:

2014				
VARIABLE INTEREST RATES			**Change in benchmark**	
	Average annual interest rate 2014	**Annual interest charge**	**-25bps**	**+25bps**
Short-and medium / long - term financial liabilities	4.87%	(40,405)		
Effect on profit before taxes			**4,148**	**(4,148)**
Effect on net profit (and shareholders' equity)			**3,008**	**(3,008)**

2013				
VARIABLE INTEREST RATES			**Change in benchmark**	
	Average annual interest rate 2013	**Annual interest charge**	**-50bps**	**+50bps**
Short-and medium / long - term financial liabilities	5.33%	(3,802)		
Effect on profit before taxes			**357**	**(357)**
Effect on net profit (and shareholders' equity)			**221**	**(221)**

In addition, the fair value of the interest rate swaps (IRS) and options outstanding at the reporting date relating to the Parent Company and to Sardeolica Srl is affected by movements in the Euribor rate: a simulation of the impact of this variable on net profit and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates, which was considered appropriate given potential rate fluctuations (the simulation for the previous year was adjusted).

The results of the simulation are shown in the following tables:

2014		**Change in benchmark**	
Derivatives on:	**Fair value al 31/12/2014**	**-25bps**	**+25bps**
Fair value of Interest rate swaps	(2,597)	(392)	390
	(2,597)	**(392)**	**390**
Effect on profit before taxes		**(392)**	**390**
Effect on net profit (and shareholders' equity)		**(243)**	**242**

2013		**Change in benchmark**	
Derivatives on:	**Fair value al 31/12/2013**	**-25bps**	**+25bps**
Fair value of Interest rate swaps	(2,510)	(556)	892
	(2,510)	**(556)**	**892**
Effect on profit before taxes		**(556)**	**892**
Effect on net profit (and shareholders' equity)		**(345)**	**553**

Prices of crude and oil products

Oil prices affect the fair value of the derivatives in place at the reporting date and the consequent differences recorded in the income statement. At 31st December 2014 the derivatives consisted of futures, swaps and options on oil products, and the fair value recorded in the financial statement is taken from the market prices of the underlying positions at that date. The Group therefore carried out a simulation of the impact of this variable on net profit and shareholders' equity, assuming a change of +/- 20% in oil prices.

The comparative results of the simulation are shown in the tables below.

2014		Change in benchmark	
Derivatives on:	**Fair value al 31/12/2014**	**-20bps**	**+20bps**
Oil and oil products	27,047	50,020	(50,020)
	27,047	**50,020**	**(50,020)**
Effect on profit before taxes		**50,020**	**(50,020)**
Effect on net profit (and shareholders' equity)		**36,265**	**(36,265)**

2013		Change in benchmark	
Derivatives on:	**Fair value al 31/12/2013**	**-20bps**	**+20bps**
Oil and oil products	(2,816)	14,725	(14,725)
	(2,816)	**14,725**	**(14,725)**
Effect on profit before taxes		**14,725**	**(14,725)**
Effect on net profit (and shareholders' equity)		**9,130**	**(9,130)**

The above analysis of the Group's exposure to risks relating to financial instruments shows that there are no significant concentrations of risk in terms of counterparty, geographical area or market; the concentration risk relating to exposure to US dollars is mitigated by the hedging policies implemented.

7.6 Average staff numbers

The average number of staff working at companies included in the perimeter of consolidation, divided by category, are shown below

	2014	2013
Managers	55	59
Office staff	1,112	1,153
Skilled workers	4	8
Manual workers	566	619
Total	**1,737**	**1,839**

The number of employees at the Group increased from 1,812 at the end of 2013 to 1,935 at 31st December 2014. This was due to the acquisition of the Versalis business unit, which involved the hiring of 223 people on 31st December, and the impact of the redundancy programme that involved a personnel reduction of 63 people, as previously reported.

7.7 Remuneration of managers with strategic responsibilities

In 2014, managers with strategic responsibilities received remuneration totalling EUR 1,370 thousand. For further details, please see Section 7.5.1 of the notes to the financial statements of Saras SpA.

For information on indemnities in the event of the early termination of employment of directors and succession plans for executive directors (pursuant to article 114, paragraph 5 of Legislative Decree 58 of 24th February 1998), see the annual report on corporate governance and the information on ownership structure pursuant to article 123-bis of Legislative Decree 58 of 24th February 1998.

7.8 Commitments

As at 31st December 2014 and 31st December 2013, no irrevocable, multi-year commitments had been made to purchase materials or services.

As part of its normal activities, the Parent Company Saras SpA has issued sureties totalling EUR 310,428 thousand at 31st December 2014, mainly comprising EUR 305,058 thousand to subsidiaries, EUR 3,130 thousand to the Cagliari customs office and EUR 1,530 thousand to the Ministry of Defence.

7.9 Disclosure of external auditor's fees

Pursuant to article 149-*duodecies* of Consob's Issuers' Regulation, the table below provides details of the fees relating to 2014 paid to the external auditors for auditing and other services, and to companies affiliated to the external auditors for services.

Services	Provider	Recipient	Amount due in 2014
Audit	PricewaterhouseCoopers S.p.A.	Saras SpA	419
	PricewaterhouseCoopers S.p.A.	Italian subsidiaries	171
	PricewaterhouseCoopers Network	Foreign subsidiaries	156
Total			**746**
Attestation	PricewaterhouseCoopers S.p.A.	Saras SpA	15
	PricewaterhouseCoopers S.p.A.	Italian subsidiaries	35
	PricewaterhouseCoopers Network	Foreign subsidiaries	13
Total			**63**
Other Services	PricewaterhouseCoopers S.p.A.	Saras SpA	0
	PricewaterhouseCoopers S.p.A.	Italian subsidiaries	0
	PricewaterhouseCoopers Network	Foreign subsidiaries	0
Total			**0**
TOTAL			**809**

7.10 Other

Please refer to the Report on Operations of the consolidated financial statements for details of any atypical and/or unusual operations as well as accidents that occurred in 2009 and 2011.

8. Publication of the consolidated financial statements

At its meeting on 19th March 2015, the Saras Board of Directors authorised publication of the financial statements. At the same meeting, the Board vested the Chairman and the CEO with separate powers to include in the Report on Operations and/or the notes to the financial statements any further detailed information deemed necessary or appropriate to provide a clearer picture of operations to shareholders.

For the Board of Directors
The Chairman
Gian Marco Moratti

Report on Operations of Saras SpA

Table of contents of Saras SpA Report on Operations

Report on operations of Saras SpA

Saras SpA is the Parent Company and operates in the Italian and international oil markets buying crude oil and selling refined oil products. This has already been analysed in detail in the Report on Operations of the Saras Group, which can be consulted for further information, as well as for an accurate analysis of the market, regulatory framework, principal events in the year, significant events after the reporting date and the outlook for operations.

It should be noted that as part of the corporate restructuring approved by the Board of Directors in January 2013, the refining activities of Saras SpA were transferred to its subsidiary Sarlux Srl with effect from 1st July 2013, so as to concentrate the operations conducted at the Sarroch industrial site into a single company, thereby increasing operational and management efficiency.

Furthermore, on 1st October 2014, the subsidiary Arcola Petrolifera Srl was merged into Saras SpA, with a merger deed dated 10th September 2014, recorded in the Cagliari Register of Companies on 18th September 2014. For accounting and tax purposes the merger is effective as from 1st January 2014. Therefore, as a result of the two above-described extraordinary operations, Saras SpA's financial statements for the year 2014 are not comparable with those of the year 2013.

In FY 2014, Saras SpA's revenues were EUR 9,192 million, a decrease of 10% compared with the previous year. Although, as mentioned above, the two years are not comparable, the lower revenues in 2014 are partially attributable to oil price trends.

EBITDA also decreased compared with the previous year to EUR -434 million, resulting in the year closing with a net loss of EUR 329 million, compared with the net loss of EUR 124 million in the previous year.

KEY PROFIT AND LOSS FIGURES

EUR million	2014	2013	%
Revenues	9,192	10,166	-10%
EBITDA	(434)	(70)	-520%
EBIT	(438)	(122)	-259%
NET PROFIT/(LOSS)	(329)	(124)	-165%

Investments of EUR 1 million were made in FY 2014, compared with EUR 51 million in FY 2013. This change can be explained mainly by the fact that, as mentioned above, the refining business was transferred to the subsidiary Sarlux Srl, with effect from 1st July 2013.

As a result, the FY 2013 financial statements included Capex carried out in the refining segment during the first half of that year, and a comparison with FY 2014 is therefore not possible.

Saras SpA's net financial position at 31st December 2014 was a surplus of EUR 65 million, as shown in the relevant table, a considerable improvement on the end of FY 2013, when the Company had net debt of EUR 118 million. This is mainly due to the partial repayment of the debt to the subsidiary Sarlux Srl, resulting from the above-mentioned transfer. Furthermore, in FY 2014, the ordinary operations benefited from a significant reduction in working capital.

The following information is provided pursuant to article 2428 of the Italian Civil Code:

- Intangible assets include the research costs relating to gas exploration in Sardinia, worth EUR 18,560 thousand;

	31/12/2014	31/12/2013
Medium- and long-term bank loans	(82,926)	(112,078)
Bond issues	(173,728)	(249,224)
Short- and long-term loans to Group companies	51,000	70,000
Other loans	4,547	4,960
Medium- and long-term net debt	**(201,107)**	**(286,342)**
Short-term bank loans	(28,900)	(30,707)
Payables to banks for overdrafts on current accounts	(57,309)	(7,939)
Bond issues	(249,723)	0
Loans from Group companies	(31,006)	(69,601)
Other short-term financial liabilities (net of fair value derivatives)	(10,263)	(10,694)
Fair value derivatives	39,947	(6,372)
Loans to Group companies	70,688	34,780
Other financial assets	37,152	0
Cash and cash equivalents	511,265	247,296
Other loans	1,474	724
Deposits to guarantee derivatives	(17,248)	10,911
Short-term net debt	**266,077**	**168,398**
Net financial position	**64,970**	**(117,944)**

- Transactions with subsidiaries, associates, parent companies, and companies controlled by the latter, are shown in the Notes to the financial statements under 7.2 "Transactions with related parties";
- During the year there were no purchases or sales of own shares. The number of own shares held in treasury by the Company at 31st December 2014 was 19,245,774 and was unchanged from the number of shares held at 31st December 2013.

On 24th April 2013, the Shareholders' Meeting of Saras SpA also approved the "Plan to grant free company shares to the Saras Group management" (the "2013-2015 Stock Grant Plan" or the "Plan"), assigning to the Board of Directors all the powers necessary and appropriate to implement the Plan. Beneficiaries of the Plan are:

- Managers with strategic responsibilities within the Company;
- Directors of Italian and/or foreign companies controlled by the Company;
- Other senior managers in the Group, including those with an independent employment contract.

Each beneficiary is entitled to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of industrial companies forming a part of the FTSE Italia Mid Cap Index (the "Peer Group"). The TSR is calculated as the change in the value of Saras shares and the shares of the Peer Group during the three-year period 2013-2015.

This change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1st October 2012 to 31st December 2012) and the final value (average value of shares recorded on the Milan Stock Exchange from 1st October 2015 to 31st December 2015).

The maximum number of shares covered by the Plan is equal to 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiaries undertake not to sell, transfer, dispose of, or make subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.

For information about the use of financial instruments by the Company, see the following section of this report, "Risk analysis".

The Company's only secondary office is its General and Administrative Headquarters at Galleria De Cristoforis 1, Milan.

Information about remuneration and shareholdings of directors and statutory auditors, general managers and senior managers with strategic responsibilities is provided in the Notes to the financial statements under 7.5.

Lastly, for an analysis of the main legal actions pending, see the Notes to the financial statements, 7.1 "Main legal actions pending". See the corresponding section of the Report on the Consolidated Financial Statements of Saras Group for:

- Corporate Governance;
- Structure of the Group;
- Atypical and/or unusual transactions;
- Performance indicators and non-financial indicators;
- Information about personnel;
- Information about the environment.

Risk Analysis

The main principles of the risk policy are based on the prevention of the main risks associated with objectives and are related to the strategic, operational and financial areas.
Risk management in the company's individual policies and processes is based on the principle that operational and financial risk is managed by the process owner.

The main risks are reported and discussed by top management in order to create a basis on which to hedge, secure and measure residual risk.
In addition to the guidelines for risk management, there are also specific guidelines for financial risks, such as interest rate risk and credit risk.

Financial risks

The company's priorities include sustainable growth, productivity, profitability and quality of financial data. The financial structures therefore focus on ensuring that credit lines are implemented and used to maximum efficiency to develop the sales business and reduce to a minimum the financial risks inherent in industrial operations (adverse risk).

The company operates internationally in the oil industry, and is therefore exposed to exchange rate risk, interest rate risk, credit risk and price risk.

Risk of changes in prices and cash flows

Results are influenced by changes in oil prices and the effects of such changes on refining margins (being the difference between the prices of oil products generated in the refining process and the prices of raw materials, principally crude oil). Furthermore, as part of its activities, the company is required to maintain adequate stocks of crude oil and finished products, and the value of a stocks is subject to fluctuations in market prices.

The risk of changes in prices and the corresponding cash flows is closely linked to the nature of the business and can only be partially mitigated by using appropriate risk management policies, including entering into processing contracts with third parties at partially pre-set prices.
To hedge the risks arising from price fluctuations, the company enters into derivative contracts in commodities, which involve the forward buying and selling of crude oil and products.

Exchange rate risk

The oil business is exposed to fluctuations in exchange rates as the reference prices for buying crude oil and for the sale of some products are quoted in or pegged to the US dollar.
To reduce both its exchange rate risk in future transactions and the risk inherent in assets and liabilities denominated in a different currency to the functional currency of each entity, the company enters into derivative instruments which consist of the forward buying and selling of foreign currencies (US dollars).
Transactions expressed in currencies other than US dollars are not significant and could only have a very low impact on the results for the year.

Interest rate risk

The risks relating to changes in cash flows caused by changes in interest rates arise from loans. Variable-rate loans are exposed to the risk that cash flows may change due to interest rates. Fixed-rate loans are exposed to the risk that the fair value of the funds received may change.

The main loan agreements outstanding have been entered into at variable market rates. The company's policy is to use derivative instruments to reduce the risk of changes in interest cash flows.

Credit risk

The market in which the company operates mainly consists of multinational companies operating in the oil industry. Transactions entered into are generally settled very quickly and are often guaranteed by leading banks. Furthermore, loans are systematically and promptly monitored on a daily basis by the Finance department. This risk is minimal and does not constitute a significant variable in the business in which the company operates.

Liquidity risk

The company funds its activities using both its own operating cash flows and external financing sources, and is therefore exposed to a liquidity risk relating to its ability to meet its contractual obligations under the loan agreements it has entered into.
However, given the Company's strong self-financing capacity, coupled with its good track record in meeting debt obligations, the liquidity risk is very low.

Other risks

Risk relating to the procurement of crude oil

A significant part of the crude oil refined by the company comes from countries which are subject to higher political, social and economic risks than other countries. Legislative, political and economic changes and social upheaval could have a negative impact on trade relations between Saras and such countries, which would have a significant negative impact on the company's financial position and operating results.

Risks of interruption of production at the refinery

A significant proportion of the company's activities depend on the refinery owned by the subsidiary Sarlux Srl, which is located in Sardinia and produces almost all the refined oil products sold. This business is subject to risks relating to interruption due to unscheduled shutdowns of the plants and to accidents. Saras believes that the refinery's capacity means that the negative effects of unscheduled shutdowns are limited, and that the safety plans that the subsidiary has implemented (and continues to implement) reduce the risks of accidents to a minimum. In addition, the Saras Group has significant insurance cover against such risks.

Personal data protection

Pursuant to Legislative Decree 196 of 30th June 2003 on 'Personal data protection', the company has adopted the minimum security measures stipulated in Appendix B thereto (article 34). The Security Policy Document (Appendix B, point 19) was updated on 31st March 2012.

Direction and Coordination

As at the date of this report, the company is controlled by Gian Marco Moratti SapA and Massimo Moratti SapA, respectively accounting for 25.01% each and 50.02% jointly of share capital, under the shareholders' agreement signed by the two companies on 1st October 2013.

Article 2497-*sexies* of the Italian Civil Code states that, *'It is presumed, unless proven otherwise, that the activity of direction and co-ordination is exercised by the company or body responsible for consolidating the accounts or by the company which exercises control pursuant to article 2359'*. The Board of Directors of Saras considers, however, that Gian Marco Moratti SapA and Massimo Moratti SapA have never exercised direction and co-ordination since, inter alia, Gian Marco Moratti SapA and Massimo Moratti SapA do not issue directives to their subsidiary and there is no significant organisational or functional connection between the companies. Consequently, Saras considers that it operates and has always operated in conditions of corporate and business autonomy in respect of its parent companies Gian Marco Moratti SapA and Massimo Moratti SapA. Relationships with the latter are limited exclusively to the normal exercise of a shareholder's administrative and financial rights by Gian Marco Moratti SapA and Massimo Moratti SapA and to the receipt of information supplied by the Issuer pursuant to article 2381, paragraph 5 of the Italian Civil Code by bodies delegated by Gian Marco Moratti SapA and Massimo Moratti SapA.

Proposals of the Board of Directors

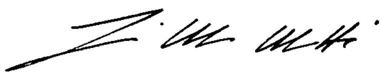
Dear Shareholders,
The company's separate financial statements as of 31st December 2014 show a net loss of EUR 328,872,284.
If you agree with the principles used to prepare the financial statements and the accounting standards and policies implemented therein, we propose that the following resolutions be passed:

- Having examined the company's separate financial statements as of 31st December 2014;
- Having seen the statutory auditors' report to the Shareholders' Meeting pursuant to article 153 of Legislative Decree 58/98 (the Consolidated Law on Finance, TUF);
- Having reviewed the external auditor's report on the separate financial statements as of 31st December 2014;

the Shareholders' Meeting votes

to approve the separate financial statements of the company for the financial year ended 31st December 2014 in their entirety and in relation to each individual item, and to carry forward the net loss of EUR 328,872,284.

For the Board of Directors
The Chairman
Gian Marco Moratti



Saras SpA Separate Financial Statements for the year ended 31st December 2014

Saras SpA Statement of Financial Position as of 31st December 2014 and 31st December 2013

(EUR Thousand)			31/12/2014	31/12/2013 PRO FORMA	31/12/2013
ASSETS	(1)	(2)		(3)	
Current assets	**5.1**		**1,792,266**	**1,761,519**	**1,551,494**
Cash and cash equivalents	5.1.1	A	511,265	419,863	247,296
Other financial assets	5.1.2	B	320,584	31,041	56,754
of which from related parties:			*70,688*	*5,777*	*5,777*
Trade receivables	5.1.3	C	398,893	515,842	462,196
of which from related parties			*55,317*	*56,871*	*237,606*
Inventories	5.1.4	D	509,017	739,352	732,811
Current tax assets	5.1.5	E	38,873	39,172	37,874
Other assets	5.1.6	F	13,634	16,249	14,563
of which from related parties:			*1,854*	*9,068*	*34,711*
Non-current assets	**5.2**		**977,540**	**923,817**	**932,374**
Property, plant and equipment	5.2.1	H, I	5,793	8,549	8,535
Intangible assets	5.2.2	J	19,436	19,270	19,191
Equity interests at cost	5.2.3.1	L	727,652	718,891	729,449
Other equity interests	5.2.3.2	L	495	495	495
Deferred tax assets	5.2.4	X	168,260	101,289	99,382
Other financial assets	5.2.5	M	55,904	75,323	75,322
of which to related parties:			*51,000*	*70,000*	*70,000*
Total assets			**2,769,806**	**2,685,336**	**2,483,868**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities	**5.3**		**2,254,548**	**1,727,582**	**1,611,621**
Short-term financial liabilities	5.3.1	R	565,822	158,332	125,027
of which to related parties:			*78,276*	*69,353*	*69,422*
Trade and other payables	5.3.2	R	1,523,501	1,392,929	1,376,337
of which to related parties:			*44,787*	*51,633*	*53,145*
Current tax liabilities	5.3.3	X	93,187	136,755	71,677
Other current liabilities	5.3.4	R	72,038	39,566	38,580
Non-current liabilities	**5.4**		**276,735**	**391,693**	**391,413**
Long-term financial liabilities	5.4.1	R	256,654	361,302	361,302
Provisions for risks and charges	5.4.2	P, Z	3,918	3,915	3,838
Provisions for employee benefits	5.4.3	Q	2,993	10,166	9,963
Other non-current liabilities	5.4.4	R	13,170	16,310	16,310
of which to related parties:			*13,170*	*16,268*	*16,268*
Total liabilities			**2,531,283**	**2,119,275**	**2,003,034**
SHAREHOLDERS' EQUITY	**5.5**	**N, O, W**			
Share capital			54,630	54,630	54,630
Legal reserve			10,926	10,926	10,926
Other reserves			501,840	617,035	539,315
Profit/(loss) for the year			(328,873)	(116,530)	(124,037)
Total equity			**238,523**	**566,061**	**480,834**
Total liabilities and shareholders' equity			**2,769,806**	**2,685,336**	**2,483,868**

(1) Please refer to the Notes to the Financial Statements chapter 5 "Notes to the Financial Position"

(2) Refer to the Notes, chapter 3.1 "Summary of accounting standards and policies"

(3) 2013 figures were recalculated following the merger of Arcola Petrolifera

Saras SpA - Income Statement for the periods: 1st January - 31st December 2014 and 2013

(EUR Thousand)	(1)	(2)	01/01/2014 31/12/2014	of which non recurring	01/01/2013 01/01/2013 PRO FORMA	01/01/2013 31/12/2013	of which non recurring
				(4)	(3)		
Revenues from ordinary operations	6.1.1	S	9,132,308		10,112,274	10,044,833	
of which from related parties:			*456,967*		*544,664*	*2,230,345*	
Other income	6.1.2	S	59,814		88,611	121,059	23,573
of which from related parties:			*28,448*		*24,714*	*57,131*	
Total revenues			**9,192,122**	**0**	**10,200,885**	**10,165,892**	**23,573**
Purchases of raw materials, spare parts and consumables	6.2.1	T	(9,182,550)		(9,802,063)	(9,785,475)	
of which from related parties:			*(46,426)*		*(94,180)*	*(94,245)*	
Cost of services and sundry costs	6.2.2	T, Z	(410,620)		(392,068)	(387,431)	
of which from related parties:			*(245,345)*		*(132,028)*	*(132,179)*	
Personnel costs	6.2.3	T, Q	(32,612)	(966)	(63,799)	(62,957)	
Depreciation, amortisation and write-downs	6.2.4	H, J	(3,952)		(52,480)	(52,414)	
Total costs			**(9,629,734)**	**(966)**	**(10,310,410)**	**(10,288,277)**	**0**
Operating results			**(437,612)**	**(966)**	**(109,525)**	**(122,385)**	**23,573**
Net income/(charges) from equity interests	6.3	L, W	8,760		(2,361)	(2,361)	
Other financial income	6.4	U, Y	409,441		217,573	217,570	60
of which from related parties:			*3,292*		*9,691*	*9,691*	
Other financial charges	6.4	U, Y	(380,535)		(238,978)	(238,921)	
of which from related parties:			*(1,713)*		*(5,903)*	*(8,640)*	
Profit/(loss) before taxes			**(399,946)**	**(966)**	**(133,291)**	**(146,097)**	**23,633**
Income tax for the year	6.5	X	71,073	(39,952)	16,761	22,060	11,769
Net profit/(loss) for the year			**(328,873)**	**(40,918)**	**(116,530)**	**(124,037)**	**35,402**

Saras SpA Statement of Comprehensive Income for the periods 1st January - 31st December 2014 and 2013

	01/01/2014 31/12/2014		01/01/2013 01/01/2013 PRO FORMA	01/01/2013 31/12/2013
Result for the year (A)	(328,873)		(116,530)	(124,037)
Items included in comprehensive income which will be reclassified subsequently to profit or loss (when specific conditions are met)				
	0		0	0
Items included in comprehensive income which will not be reclassified subsequently to profit or loss (when specific conditions are met)				
IAS 19 actuarial effect on end-of-service payments	Q, T	(194)	(173)	(173)
Income / (loss), net of fiscal effect (B)		(194)	(173)	(173)
Comprehensive Result for the year (A + B)		(329,067)	(116,703)	(124,210)
Net Comprehensive Result for the year attributable to:				
Owners of the company		(329,067)	(116,703)	(124,210)
Minority interests		0	0	0

(1) Please refer to the Notes to the Financial Statements chapter 6 "Notes to the Income Statement"

(2) Refer to the Notes, chapter 3.1 "Summary of accounting standards and policies"

(3) 2013 figures were recalculated following the merger of Arcola Petrolifera

(4) Non-recurring items include extraordinary costs related to employees (Mobilità) and the effect of the abolition of the IRES surcharge (Robin Tax) (section 5.2.4).

Saras SpA Statement of Changes in Shareholders' Equity: from 31st December 2012 to 31st December 2014

(EUR Thousand)	Share capital	Legal reserve	Other reserves	Profit (loss)	Total equity
Balance as of 31/12/2012	**54,630**	**10,926**	**696,383**	**(152,691)**	**609,248**
Period 1/1/2013 - 31/12/2013					
Appropriation of previous year's profit			(152,691)	152,691	0
Purchase of own shares			(5,943)		(5,943)
Reserve for employee share plan			1,654		1,654
Reversal of deferred tax asset (4% Robin tax) on 2012 actuarial effect of IAS 19			85		85
IAS 19 actuarial effect			(173)		(173)
Profit/(loss) for the year				(124,037)	(124,037)
Total comprehensive profit/(loss) for the year			*(173)*	*(124,037)*	*(124,210)*
Balance as of 31/12/2013	**54,630**	**10,926**	**539,315**	**(124,037)**	**480,834**
Period 1/1/2014 - 31/12/2014					
Appropriation of previous year's profit			(124,037)	124,037	0
Merger surplus (Arcola Petrolifera from 1st January 2014)			85,227		85,227
Reserve for employee share plan			1,529		1,529
IAS 19 actuarial effect			(194)		(194)
Profit/(loss) for the year				(328,873)	(328,873)
Total comprehensive profit/(loss) for the year			*(194)*	*(328,873)*	*(329,067)*
Balance as of 31/12/2014	**54,630**	**10,926**	**501,840**	**(328,873)**	**238,523**

Saras SpA Statement of Changes in Shareholders' Equity: Pro forma figures from 31st December 2012 to 31st December 2014

(EUR Thousand)	Share capital	Legal reserve	Other reserves	Profit (loss)	Total equity
Balance as of 31/12/2012	**54,630**	**10,926**	**764,270**	**(142,858)**	**686,968**
Period 1/1/2013 - 31/12/2013					
Appropriation of previous year's profit			(142,858)	142,858	0
Purchase on own shares			(5,943)		(5,943)
Reserve for employee share plan			1,654		1,654
Reversal of deferred tax asset (4% Robin tax) on 2012 actuarial effect of IAS 19			85		85
IAS 19 actuarial effect			(173)		(173)
Profit/(loss) for the year				(116,530)	(116,530)
Total comprehensive profit/(loss) for the year			*(173)*	*(116,530)*	*(116,703)*
Balance as of 31/12/2013	**54,630**	**10,926**	**617,035**	**(116,530)**	**566,061**
Period 1/1/2014 - 31/12/2014					
Appropriation of previous year's profit			(116,530)	116,530	0
Reserve for employee share plan and other changes			1,529		1,529
IAS 19 actuarial effect			(194)		(194)
Profit/(loss) for the year				(328,873)	(328,873)
Total comprehensive profit/(loss) for the year			*(194)*	*(328,873)*	*(329,067)*
Balance as of 31/12/2014	**54,630**	**10,926**	**501,840**	**(328,873)**	**238,523**

Saras SpA Cash Flow Statement as of: 31st December 2014 and 31st December 2013

(EUR Thousand)	(1)	(2)	01/01/2014 31/12/2014	01/01/2013 01/01/2013 PRO FORMA	01/01/2013 31/12/2013
A - Cash and cash equivalents at the beginning of the year	**5.1.1**	**A**	**419,863**	**283,932**	**209,660**
B - Cash generated from/(used in) operating activities					
Profit/ (Loss) for the year	5.5		(328,873)	(116,530)	(124,037)
Unrealised exchange losses/(gains) on bank accounts			1,505	1,832	1,832
Amortisation, depreciation and write-downs of fixed assets	6.2.4	H, J	3,952	52,480	52,414
Grants booked to income statement			0	(23,573)	(23,573)
Net (income)/charges from equity interests	6.3	L	(8,760)	2,300	2,361
of which from related parties:			*(8,760)*	*2,361*	*2,361*
Net change in provisions for risks and charges	5.4.2	P, Z	3	(24,394)	(24,414)
Net change in employee benefits	5.4.3	Q	(7,173)	(2,556)	(2,582)
Net change in tax liabilities and tax assets	5.2.4	X	(66,971)	(12,329)	(12,609)
Net interest gains (losses)		U, Y	33,598	29,706	29,706
Accrued income tax	6.5	X	(4,102)	(4,432)	(9,451)
Change in Fair Value of financial assets held for trading, and of financial liabilities			(39,947)	6,372	6,372
Other non cash items	5.5		2,820	1,566	1,566
Profit/(Loss) from operating activities before changes in working capital			**(413,948)**	**(89,558)**	**(102,415)**
(Increase) / Decrease in trade receivables	5.1.3	C	116,949	164,612	174,838
of which from related parties:			*182,289*	*65,499*	*65,499*
(Increase) / Decrease in inventory	5.1.4	D	230,335	(33,330)	(28,538)
Increase / (Decrease) in trade and other payables	5.3.2	R	130,572	208,758	195,693
of which to related parties:			*(8,358)*	*313,461*	*313,461*
Change in other current assets	5.1.5 - 5.1.6	E, F	7,016	21,276	26,280
of which from related parties:			*25,831*	*17,671*	*17,671*
Change in other current liabilities	5.3.3 - 5.3.4	X, R	(11,096)	12,664	2,480
Interest received		U, Y	614	3,832	3,832
of which from related parties:			*614*	*3,198*	*3,198*
Interest paid		U, Y	(31,451)	(32,894)	(32,894)
of which to related parties:			*(1,713)*	*(6,507)*	*(6,507)*
Income tax paid		E, X	0	(2,103)	0
Change in other non-current liabilities	5.4.4	R	(3,140)	(1,215)	(1,214)
of which to related parties:				*(13,824)*	*(13,824)*
Other non cash items			0	0	0
Total (B)			**25,851**	**252,042**	**238,062**
C - Cash flow from / (to) investing activities					
Investments in tangible and intangible assets	5.2.1 - 5.2.2	H, I	(1,137)	(52,501)	(52,491)
- of which interest paid capitalized			*0*	*(5,528)*	*(5,528)*
Changes in equity interests	5.2.3.1	L	(1)	61	0
Change in financial assets	5.1.2 - 5.2.5	B, M	(56,634)	29,328	29,327
of which from related parties:			*0*	*0*	*0*
Total (C)			**(57,772)**	**(23,112)**	**(23,164)**
D - Cash generated from / (used in) financing activities					
Increase / (Decrease) in medium/long term borrowings	5.4.1	R	173,848	0	0
Increase / (Decrease) in short term borrowings	5.3.1	R	(17,570)	(59,220)	(143,483)
of which from related parties:			*8,854*	*(308,028)*	*(308,028)*
(Decrease) in short term financial debts due to repayments			(31,450)	(26,000)	(26,000)
Dividends and buy-backs of own shares			0	(5,943)	(5,943)
Total (D)			**124,828**	**(91,163)**	**(175,426)**
E - Cashflow for the year (B+C+D)			**92,907**	**137,767**	**39,472**
Cash and cash equivalents tranferred to Sarlux Srl			0	(4)	(4)
Unrealised exchange losses/(gains) on bank accounts			(1,505)	(1,832)	(1,832)
F - Cash and cash equivalents at the end of the year			**511,265**	**419,863**	**247,296**

(1) Please refer to the Notes to the Financial Statements chapter 5 "Notes to the financial position" & 6 "Notes to the Income Statement"

(2) Refer to the Notes, chapter 3.1 "Summary of accounting standards and policies"

For the Board of Directors - The Chairman
Gian Marco Moratti

Notes to the Separate Financial Statements
for the year ended 31st December 2014

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6. Notes to the Income Statement

7. Additional disclosures

8. Miscellaneous

9. Publication of the Financial Statements

Notes to the Separate Financial Statements for the year ended 31st December 2014

1. Preliminary remarks

Saras SpA is a company limited by shares listed on the Milan stock exchange market. Its registered office is at S.S. 195 Sulcitana, km 19, Sarroch (CA), Italy. It is jointly controlled by Gian Marco Moratti SAPA and Massimo Moratti SAPA, which own 25.01% each and 50.02% jointly of the Company's share capital (excluding own shares), under the shareholders' agreement signed by the two companies on 1st October 2013. The Company is established, as stated in its incorporation documents, until 31st December 2056.

Saras SpA operates in the Italian and international oil markets in the sale of products derived from the refining process. The Company also (directly and indirectly) owns the entire share capital of companies that in turn operate in:

- the refining of crude oil from the plant owned by Sarlux Srl;
- the sale of oil products in the retail and wholesale markets in Spain (Saras Energia SA);
- the generation and sale of electricity via an integrated gasification combined cycle (IGCC) plant (Sarlux Srl) and a wind farm (Parchi Eolici Ulassai Srl, through Sardeolica Srl);
- the fields of environmental research (Sartec SpA) and reinsurance (Reasar SA).

On 1st October 2014, the subsidiary Arcola Petrolifera Srl was merged into Saras SpA by a merger deed dated 10th September 2014, recorded in the Cagliari Register of Companies on 18th September 2014. For tax purposes the merger is effective as from 1st January 2014.

In general terms, mergers of wholly-owned companies do not fall into the scope of application of IFRS 3 as they do not involve any economic exchanges with third parties, nor do they constitute an acquisition in the financial sense. In the absence of IFRS on this issue, the prevailing guidance in practice on mergers of a 100% held subsidiary into a parent company is to follow the "continuity of values" principle.
In application of this principle, the Company reported the aggregate assets and liabilities based on the carrying values on the incorporating company's consolidated statement of financial position. No increases in value or goodwill were identified as the merger did not involve any economic exchange.
This guidance requires the effects on the Company's statement of financial position and income statement to be reported as from the start of the previous financial year. For this reason, the decision was taken to present comparative pro forma figures for information only, and to provide details and comments only where it was considered important.

The amounts transferred are shown in the table below:

ASSETS	
Current assets	
Cash and cash equivalents	172,567
Trade receivables	234,382
Inventory	6,541
Current tax assets	1,298
Other assets	1,686
Total	**416,475**
Non Current assets	
Property, plant and equipment	14
Intangible assets	79
Deferred tax assets	2,041
Total	**2,135**
Total assets	**418,610**

LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	
Short-term financial liabilities	33,374
Trade and other payables	223,195
Current tax liabilities	65,078
Other liabilities	763
Total	**322,410**
Non-current liabilities	
Provisions for risks	77
Provisions for employees benefits	204
Deferred tax liabilities	133
Total	**414**
SHAREHOLDERS' EQUITY	
Share capital	7,755
Legal reserve	1,551
Other reserves	79,049
Profit/(loss) for the year	7,430
Total	**95,785**
Total liabilities	**418,610**

Following the merger, the Company's shareholders' equity increased by EUR 85,227 thousand, equal to the difference between the value at which the shareholding was recorded in the statement of financial position of Saras SpA and the carrying value of the subsidiary's shareholders' equity.

This difference, or merger surplus, would have been EUR 77, 720 thousand at 31st December 2013.

These financial statements for the year ended 31st December 2014 are presented in euro, since this is the currency of the economy in which the Company operates. They consist of a statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and these notes to the accounts. All amounts shown in these notes to the accounts are expressed in thousands of euro, unless otherwise stated.

2. General criteria for the preparation of the separate financial statements

The separate financial statements of Saras SpA for the year ended 31st December 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS or 'international accounting standards') issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission pursuant to article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19th July 2002.

The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing

Interpretations Committee (SIC), endorsed by the European Commission as of the date the draft financial statements of Saras SpA were approved by its Board of Directors and set out in the relevant EU regulations published on that date.

In accordance with Consob resolution 15519 of 27th July 2006, the financial statements have been prepared using the following criteria, which are considered to provide a more complete picture of the financial position:
- statement of financial position: assets and liabilities are divided into current and non-current items, according to liquidity;
- income statement and statement of comprehensive income: items are presented according to their nature;
- cash flow statement: items are presented using the indirect method, which differentiates between cash flows generated from operating, investing and financing activities.

The accounting standards shown below have been applied consistently to all the periods reported.
In order to make the statement of financial position more representative, this year the item 'Other financial assets held for trading' was renamed 'Other financial assets' and the content expanded. Some financial items that were previously included under 'Other current assets' were classified as 'Other financial assets'; they were also reclassified in 2013 to make the statements for the two years comparable. For further details, see 5.1.2.

3. Accounting standards applied

The IASB and IFRIC have approved some changes to and interpretations of IFRS, which were published in part in the Official Journal of the European Union and applied for the first time to annual periods beginning on or after 1st January 2014. They have also approved some changes in interpretations already issued but applicable to financial statements relating to periods beginning on or after 1st January 2014.

Relevant accounting standards, amendments and interpretations applicable from 1st January 2014

The following accounting standards, amendments and interpretations have been applied by the Company for the first time as of 1st January 2014:

IFRS 10 – Consolidated Financial Statements. This standard replaces SIC-12 Consolidation – Special Purpose Entities (SPVs) and some parts of IAS 27 – Consolidated and Separate Financial Statements, whose title was changed to IAS 27 – Separate Financial Statements, and governs the accounting treatment of equity investments in the separate financial statements.
The new IFRS 10 identifies the factor within the concept of control that determines whether or not a company should be consolidated into the Parent Company's consolidated financial statements, and provides guidance on determining the existence of control in difficult cases. This standard has had no significant impact on the information included in these financial statements.

Transition Guidance (IFRS 10, IFRS 11, IFRS 12). *On 28th June 2012, the IASB issued 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities', which clarifies and simplifies the transition requirements for IFRS 10, IFRS 11 and IFRS 12.* This standard has had no significant impact on the information included in these financial statements.

IFRS 11 – Joint Arrangements. This standard replaces IAS 31 – Interests In Joint Ventures and SIC-13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The new standard sets out the criteria for identifying joint arrangements based on the rights and obligations arising from the agreement rather than on the legal form of the agreement itself, and establishes that equity investments in jointly controlled entities may only be accounted for in the Consolidated Financial Statements using the equity method. This standard has had no significant impact on the information included in these financial statements.

IFRS 12 – Disclosure of Interests in Other Entities. This standard describes the additional information to be disclosed about equity investments (subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities). This standard has had no significant impact on the information included in these financial statements.

IAS 27 – Consolidated and Separate Financial Statements. The aim of the amendment to IAS 27 is to provide the rules to be applied in accounting for investments in subsidiaries, joint ventures and affiliates in separate financial statements prepared after the introduction of IFRS 10. This amendment has had no significant impact on the information included in these financial statements.

IAS 28 – Investments in Associates and Joint Ventures. The amendment to IAS 28 (as amended in 2011) sets out the criteria for applying the equity method when accounting for investments in affiliates and joint ventures. The standard has had no impact on these financial statements.

IFRIC 21 – Levies. The interpretation published on 20th May 2013 by the IASB applies to financial statements beginning on or after 1st January 2014. IFRIC 21 is an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, which stipulates one of the criteria for detecting a liability as the fact that the entity has a current liability due to a past event (i.e. *an obligating event*). The interpretation clarifies that the obligating event that gives rise to the recognition of a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. This amendment has had no significant impact on the information included in these financial statements.

Amendments to IAS 32 - Financial Instruments: Disclosure and Presentation. The amendments clarify certain requirements for offsetting financial assets and financial liabilities. The amendment, published by the IASB in December 2011, was adopted by the European Commission in December 2012 and applies to periods beginning on or after 1st January 2014. The amendments have had no significant impact on the information included in these financial statements.

Amendments to IAS 36 - Impairment of Assets. The amendments introduce limited changes to the disclosure required by IAS 36 in cases when the recoverable value is determined by using the fair value less costs of disposal. To coincide with the issue of IFRS 13 - Fair Value, the IASB also made some changes to IAS 36. One of the changes, however, had a greater impact than originally intended by the IASB, as this amendment - apart from rectifying this aspect - introduces additional disclosure requirements with regard to the fair value if either impairment or a write-back has been recorded. Specifically, the amendment:

- removed the requirement to state the carrying value of goodwill and intangible assets with an indefinite useful life when a CGU contains goodwill or an intangible asset with an indefinite useful life and they have not been written down.
- requires disclosure of the recoverable value of an asset or CGU when an impairment loss has been recognised or reversed;
- requires detailed disclosure of the method of measuring fair value less costs of disposal when an impairment loss has been recognised or reversed;

The amendment has had no significant impact on these financial statements.

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting. The amendments introduced an exception to the requirements to discontinue hedge accounting if a hedging derivative was novated to a clearing counterparty. Specifically, the amendment stipulated that is it not necessary to discontinue the hedge accounting of a "renewed and modified" derivative that had been designated as a hedging instrument if the following conditions are met:

- as a consequence of laws or regulations, the parties to the hedging instrument agree that a clearing counterparty is the new counterparty;
- as a consequence of laws or regulations, one or more counterparties replaces the original counterparty to become the new counterparty;
- the only other changes to the terms of the original derivative are those necessary to replace the counterparty.

The changes introduced by the amendment clarify that it is possible to continue with hedge accounting for "renovated" derivatives qualifying as hedges if the replacement or rollover of the derivative into another hedging instrument is not an expiration or termination of the previous instrument. The clarification defines stringent criteria to establish whether or not such replacement or rollover is a termination, or continuation of the contractual effects of the original derivative. The amendment has had no significant impact on these financial statements.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Company

IFRS 9 - Financial Instruments The IASB issued this standard on 12th November 2009. At the reporting date, the IASB had not set the effective date for the standard and the competent bodies of the European Union had not yet completed the endorsement process necessary for the application of the amendment. The amendments concern the reporting and measurement criteria for financial assets and the related classification in the financial statements. Among other things, the new provisions establish a model for classifying and measuring financial assets based solely on the following categories: (i) assets measured at amortised cost; (ii) assets measured at fair value. The new provisions also require equity investments other than those in subsidiaries, joint ventures or affiliates to be measured at fair value through profit or loss. Where such investments are not held for trading, fair value changes may be recognised in the statement of comprehensive income, with only the effects of the distribution of dividends being recognised in the income statement. When the investment is sold, the amounts recognised in the statement of comprehensive income do not need to be recognised in the income statement. Furthermore, on 28th October 2010, the IASB incorporated new requirements into

IFRS 9 including the criteria for recognising and measuring financial liabilities. Specifically, the new provisions require, among other things, that when measuring a financial liability at fair value through profit or loss, the changes in fair value relating to changes in the issuer's own credit risk must be recognised in the statement of comprehensive income. The item must be recognised in the income statement to ensure a matching presentation with other items relating to the liability, thereby avoiding an accounting mismatch.
The Company is currently assessing whether the new standard will have any impact on its future financial statements.

The following amendments were contained in the 2010-2012 improvements cycle:

- **IFRS 2:** the definition of "vesting conditions" was clarified, and definitions of "service condition" and "performance condition" were introduced.
- **IFRS 3:** the standard has been amended to clarify that the obligation to pay a contingent consideration falls within the definition of a financial instrument and must be classified as a liability or as a component of shareholders' equity based on the information in IAS 32. In addition, the obligations to pay a contingent consideration, other than those that fall within the definition of an equity instrument, are valued at fair value at each reporting date, with the changes recognised in the income statement.
- **IFRS 8:** the amendment requires the disclosure of information on the valuations made by management in aggregating operating segments, including a description of the segments that have been aggregated and the economic indicators that have been assessed to ascertain that the aggregated segments have similar economic characteristics. Moreover, the standard has been amended to include the requirement that a reconciliation of total reportable segment assets to the entity's total assets is included in the notes to the accounts (this information must be provided only if information on operating segment assets is regularly provided).
- **IAS 16** e **IAS 38:** both standards were amended to clarify the accounting treatment of the historical cost and accumulated depreciation or amortisation of a fixed asset when an entity applies the revalued cost model. The amendment clarified that the carrying amount can be adjusted to the revalued amount in two ways: a) the gross carrying amount is adjusted in a manner consistent with the net carrying amount (e.g. proportionately to the change in the net carrying value; accumulated depreciation/amortisation is then adjusted to equal the difference between the gross and net carrying amounts; or b) accumulated depreciation or amortisation is eliminated against the gross carrying amount.
- **IAS 24:** the amendment establishes the information to be disclosed if a third party provides key management personnel services to the reporting entity.

At the moment, it is not considered that adopting these amendments will have a significant impact on the Company's financial statements.

IFRS annual improvements cycle 2011-2013. The following amendments were contained in the 2011-2013 improvements cycle:

- **IFRS 3:** the amendment clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint venture or joint operation (as defined in IFRS 11) in the financial statements of the joint venture or joint operation;
- **IFRS 13:** clarifies that the provision contained in IFRS 13 that permits a group of financial assets or liabilities to be measured at fair value on a net basis includes all contracts within the scope of IAS 39 or IFRS 9;
- **IAS 40:** the amendment clarifies that reference should be made to IFRS 3 to determine whether the purchase of an investment property constitutes a business combination.

At the moment, it is not considered that adopting these amendments will have a significant impact on the Company's financial statements.

The IASB also issued the following amendments, for which the European Union had not completed the endorsement process by the date of these financial statements.

Investment entities (IFRS 10; IFRS 12 and IAS 27). On 31st October 2012, the IASB issued the document 'Investment Entities', which regulates the activities carried out by specific types of companies classified as investment entities. The IASB considers investment entities to be companies that invest with the sole of capital appreciation or investment income or both. The provisions will be effective from financial years beginning on or after 1st January 2014.

The amendment to IAS 19 - Employee Benefits concerns the accounting purpose for contributions from employees or third parties to defined benefit plans.

The plan to revise the accounting standard on financial instruments was completed with the issue of the complete version of IFRS 9 - Financial Instruments. The new provisions of the standard modify the classification and measurement model for financial assets: they introduce the concept of "expected losses" as one of the variables to be considered in valuing and writing down financial assets, and change the provisions relating to hedge accounting. The provisions will be effective from financial years beginning on or after 1st January 2018.

IFRS 15 - Revenues from Contracts with Customers: the standard requires the company to recognise revenues when the customer obtains control of the goods or services, at an amount that reflects the payment it expects to receive in exchange for such products and services. The standard replaces IAS 18, IAS 11 and the following interpretations: IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. The standard applies to all contracts with customers except for agreements that fall within the scope of IAS 17, IFRS 4 or IAS 39/IFRS 9.

IFRS 14 - Regulatory Deferral Accounts concerns rate regulated activities. It permits only first-time adopters of IFRS to continue to recognise regulatory deferral account balances according to the accounting principles adopted previously. In order to improve comparability with entities that already apply IFRS and therefore do not record such amounts, the standard requires that the effects of rate regulation should be presented separately from other items.

IAS 16 - Property, Plant and Equipment and IAS 38: the IASB clarified that revenue-based methods may not be used to calculate the depreciation of property, plant and equipment as this method is based on factors that do not represent the actual consumption of the economic benefits embodied in the asset.

Amendments to IAS 27 - Equity Method in Separate Financial Statements: the amendment permits entities to use the equity method to measure investment in subsidiaries, joint ventures and affiliates in their separate financial statements.

Amendments to IFRS 11 - Joint Arrangements (acquisition of an interest in a joint operation): the amendment requires an entity to adopt IFRS 3 to record the accounting effects of the acquisition of an interest in a joint operation that constitutes a business.
The document, "Disclosure Initiative (Amendments to IAS 1)" clarifies certain aspects relating to the presentation of financial statements. It emphasises the importance of the additional disclosures in the financial statements, states that the notes to the accounts no longer have to be presented in a specific order, and introduces the option to aggregate or disaggregate items in the financial statements so that items considered to be minimum content in IAS 1 may be aggregated if they are not considered significant.

IFRS 9 - Financial Instruments The standard replaces IAS 39 and contains a model for measuring financial instruments based on three categories: amortised cost, fair value and fair value through OCI. The standard sets out a new model of impairment that differs from the one in IAS 39, based mainly on expected losses.

Lastly, the **IFRS annual improvements cycle for 2012-2014** mainly amended some accounting standards where certain aspects were not clear. They refer in particular to IFRS 5 - Non-current Assets held for sale and Discontinued Operations; IFRS 7 - Financial Instruments: Disclosures; IAS 19 - Employee Benefits and IAS 34 - Interim Financial Reporting.

The Company is currently assessing the potential impact of the above-mentioned standards and amendments on its future financial statements.

3.1 Summary of accounting standards and policies

The financial statements have been prepared based on the cost principle, except in the specific cases described in the notes below, where fair value has been applied.

The main valuation criteria used are described below.

A Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, sight deposits with banks, other short-term, highly liquid investments (convertible into cash within 90 days) and overdraft facilities; the latter are reported under current liabilities. Items listed under net cash and cash equivalents are measured at fair value, and changes are reported in the income statement.

B Other financial assets

Financial assets held for trading are reported at fair value with the effects reported in the income statement under "Financial income" and "Financial charges" except for financial receivables, which are reported at amortised cost.

C Trade receivables

Trade receivables are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment (in terms of both solvency and the credit risk characteristics of individual debtors), the asset concerned is written down to a carrying value equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

D Inventories

Inventories are recognised at the lower of purchase or production cost and net realisable value at the end of the financial year represented by the amount that the Company expects to obtain from their disposal as part of its ordinary business activities. The cost of crude oil, materials and spare parts is determined by the FIFO method. The cost of oil product inventories is calculated using the weighted average cost of the last quarter.

E Current tax assets

Current tax assets are booked at initial recognition in the amount that is expected to be recovered from the tax authorities, taking into account their expected realisable value. Subsequently, they are recognised at amortised cost based on the effective interest rate method.

F Other assets

Other current assets are measured at fair value on initial recognition. Subsequently they are recognised at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying value equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

White certificates are awarded on the achievement of energy savings through the application of technology and efficient systems. They are recognised on an accruals basis under "Other income", in proportion to the savings, expressed as tons of oil equivalent (TOE), achieved during the year.
The certificates are valued at the average market value for the year, unless the market value at the end of the year is significantly lower. Decreases due to the sale of white certificates allocated in the period or in previous years are recognised at the sale price. Capital gains and losses arising from the sale of certificates in different financial years from those in which they were allocated are recorded under 'Other income' or 'Costs of services and sundry costs' respectively.

G Derecognition of financial assets and liabilities

Financial assets that are sold are derecognised from the statement of financial position when the right to receive the related cash flows is transferred, together with all risks and benefits associated with ownership, as specified in paragraphs 15-23 of IAS 39.

Financial liabilities are derecognised when they are settled and when the Company has transferred all the risks and charges relating to them.

H Property, plant and equipment

Property, plant and equipment is measured at purchase or production cost, less accumulated depreciation and any impairment. Cost includes all expenses incurred directly in preparing the assets for use, as well as any disposal and removal charges incurred as a result of contractual obligations. Any interest expenses relating to the construction of tangible assets are capitalised until the asset is ready to be used.

Costs associated with requirements to restore or dismantle plants arising from statutory or contractual obligations are accounted for as an increase in the historical cost of the asset with an offsetting entry in the provisions for risks and future liabilities.
Maintenance and repair charges are charged directly to the income statement in the period in which they are incurred. Costs relating to the expansion, modernisation or improvement of facilities owned by Saras or used by third parties are only capitalised up to the limits within which they fulfil the conditions for separate classification as an asset or part of an asset in accordance with the component approach. Turnaround costs are classified as extraordinary maintenance

costs and capitalised in the year in which they are incurred. They are amortised over the expected length of time until the next turnaround. Similarly, the costs of replacing the identifiable components of complex assets are recognised as assets and depreciated over their useful life; the net book value of components thus replaced is charged to the income statement. Government grants relating to capital expenditure are deducted from the purchase price or production cost of the relevant assets when the conditions necessary for receiving them have been met.

The carrying value of property, plant and equipment is depreciated on a straight-line basis, calculated on the historical cost net of the residual value, from the time the asset is available and ready for use, in relation to its estimated useful life.

The useful life estimated by the Company for each of the various asset categories is as follows:

Builindings	**18 years**
Office furniture and machinery	**4 - 8 years**
Vehicles	**4 years**
Other assets	**12 years**
Leasehold improvements	**The shorter of the duration of the lease and the asset's useful life**

The useful lives of tangible assets and their net carrying values are reviewed annually at the end of every year, and adjusted accordingly.

Land is not depreciated.

If an asset to be depreciated consists of separately identifiable components and the useful life of one component differs significantly from that of the others, each component of the asset is depreciated separately in accordance with the component approach.

I Leased assets

Assets held under finance leases, under which all risks and benefits associated with ownership are substantially transferred to the Company, are recognised as assets and recognised at their current value or, if lower, at the present value of the minimum lease payments due. The corresponding liability to the lessor is recognised on the statement of financial position under financial liabilities. Leased assets are depreciated on the same basis and at the same depreciation rates as those set out above for tangible assets.

Leases under which the lessor substantially retains all the risks and benefits associated with ownership of the assets are treated as operating leases. The costs relating to operating leases are charged to the income statement on a straight-line basis over the term of the lease.

J Intangible assets

Intangible assets are made up of elements that are non-monetary in nature, without physical substance and clearly identifiable (i.e. distinct, able to be separated, dismantled or traded, and deriving from other contractual or legal rights), controlled by the Company and capable of generating future economic benefits. These elements are recognised at acquisition and/or production cost, which includes any directly attributable charges incurred in preparing the asset for use, net of accumulated amortisation and any impairment losses. Any interest expenses accrued during and in respect of the development of intangible assets are charged to the income statement. Amortisation commences from the time the asset is available for use and is charged on a straight-line basis over its estimated useful life.

Intangible assets are recorded, where required, with the approval of the Board of Statutory Auditors.

[I] **Patent rights, concessions, licences and software (intangible assets with a finite useful life)**
Intangible assets with a finite useful life are amortised on a straight-line basis over their useful life, taken to be the estimated period in which the assets will be used by the Company; the recoverability of the carrying value of the assets is ascertained using the same method as that used for the item 'Property, plant and equipment'.

[II] **Research and development costs**
The costs associated with the acquisition of new knowledge or discoveries, the development of alternative products or processes, new techniques or models, the design and construction of prototypes, or those relating to other scientific research or technological development are treated as current costs and charged to the income statement in the period in which they are incurred.

[III] **Exploration and valuation of mineral resources**

Costs incurred in the exploration and valuation of mineral resources, specifically:

[A] Acquisition of exploration rights;
[B] Photographic, geological, geochemical and geophysical studies;
[C] Exploration drilling;
[D] Digging;
[E] Sampling;
[F] Activities related to the evaluation of the technical and commercial feasibility of mineral resource extraction;

These are recorded under tangible or intangible assets according to their nature, as required by IFRS 6. These costs are periodically reviewed in order to determine whether any impairment indicators exist that might indicate that their recoverable value is lower than their carrying value.

K Impairment of assets

At each reporting date, tangible assets and intangible assets with a finite useful life and investments are analysed in order to identify any impairment indicators, originating from internal or external sources. Where such indicators exist, the recoverable value of these assets is estimated and any write-down duly charged to the income statement. The recoverable value of an asset is the greater of its fair value less disposal costs and its value in use (the present value of the future cash flows that the asset is expected to generate). In determining value in use, the present value of future cash flows is discounted using a pre-tax discount rate that reflects current market assessments of the time value of money in relation to the period of the investment and the risks specific to the asset concerned. The recoverable value of an asset that does not generate largely independent cash flows is determined in relation to the cash generating unit to which the asset belongs. An impairment is recognised in the income statement whenever the carrying value of an asset, or of the cash-generating unit to which it is allocated, is higher than its recoverable value. When the reasons for a write-down no longer exist, the write-down is reversed in the income statement up to the net carrying value that the asset in question would have had if it had not been written down and if it had been depreciated.

L Other equity interests

Investments in subsidiaries, affiliates and joint ventures are recorded at purchase cost, and reduced for any losses according to the provisions of IAS 36.

The investments reported in "Other equity interests" are measured at fair value, with the effects of any changes to fair value recognised directly in equity. Where fair value cannot be determined reliably or is insignificant, they are measured at cost less any impairment losses, in compliance with IAS 39. These costs are periodically reviewed in order to determine whether any impairment indicators exist that might indicate that their recoverable value is lower than their carrying value. When the reasons that led to a write-down in previous periods no longer exist, the write-down of the investment is reversed through the income statement.

M Other financial assets

Receivables and financial assets held to maturity are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is objective evidence indicating impairment, the asset concerned is written down to a carrying value equal to the discounted value of its future cash flows. Impairment losses are recognised in the income statement. If in subsequent periods the reasons for the write-down no longer exist, the write-down is reversed up to the amount that would have resulted from the application of amortised cost had the asset not been written down.

The treatment of financial assets linked to derivatives is shown under point Y (Derivatives).

N Own shares

Own shares are recognised at cost and deducted from shareholders' equity.

O Shareholders' equity

[I] **Share capital**

Share capital consists of subscribed and paid-up capital. Costs closely related to the issue of new shares are deducted from equity reserves, after any deferred tax effect.

[II] **Reserves**

Reserves comprise sums set aside for a specific purpose; they include the unallocated portion of net profit from previous years.

[III] **Stock plans for employees and management**

The Company grants additional benefits to employees and management via bonus share allocations. The cost of stock plans is booked, in accordance with IFRS 2 (Share-based Payments), to the income statement in equal instalments during the vesting period, with an offsetting entry under shareholders' equity. Changes in fair value after the grant date have no effect on the initial valuation.

P Provisions for risks and charges

Provisions for risks and charges are recognised only where a present (legal or constructive) obligation exists in relation to past events that is expected to result in an outflow of financial resources, the amount of which can be reasonably determinated. This amount represents the best discounted estimate of the sum that must be paid to discharge the obligation. The rate used to determine the present value of the liability reflects current market values and includes the additional effects of the specific risk associated with each liability.

Those risks in respect of which a future liability is only "possible" are disclosed in the section on commitments and risks; no provision is made for these risks.

Q Provisions for employee benefits

The Company provides various types of pension plans, in keeping with the conditions and practices that are commonly applied locally in those countries in which it carries out its activities.

From 1st January 2007, the italian law governing employee end-of-service payments (TFR) was amended, introducing the option for employees to decide where their payments are held. Specifically, new end-of-service payments may be allocated to pension funds or held at the Company (where the number of employees is lower than 50, or held by the Italian social security agency INPS if not). The introduction of these regulations has resulted in the following accounting changes:

- Provisions made up to 31st December 2006

  The end-of-service payments due to employees pursuant to article 2120 of the Italian Civil Code are treated in the same way as defined benefit pension plans; these plans are based on the working life of employees and on the remuneration they receive over a pre-determined period of service. The liability relating to employee end-of-service payments is recorded on the statement of financial position based on their actuarial value, since this can be quantified as an employee benefit due on the basis of a defined benefit plan. The recording of defined benefit pension plans in the financial statements requires the amount of benefits earned by employees to be estimated using actuarial techniques and discounted in order to determine the present value of the Company's obligations. The present value of the Company's obligations is determined by an external expert using the projected unit credit method. This method, which comes under the more general area of accrued benefit methods, considers each period of service at the company as an additional unit of entitlement: actuarial liabilities must therefore be quantified solely on the basis of the lenght of service at the measurement date; thus, an estimate of the total liability is normally extrapolated from the number of years of service at the measurement date to account for the total number of years worked at the time the benefit is expected to be paid. The costs accrued for the year in respect of defined benefit plans are recorded on the income statement under personnel expenses and are equivalent to the sum of the average present value of entitlements earned by current employees and the annual interest accruing on the present value of the Company's obligations at the beginning of the year, calculated using the discount rate for future disbursements adopted to estimate liabilities at the end of the previous year. The annual discount rate adopted for these calculations is the end-of-year market rate for zero coupon bonds with the same maturity as the average remaining duration of the liabilities.

  Following the application of IAS 19 (revised), actuarial gains and losses relating to the change in parameters, previously reported in the income statement (labour costs), are now recognised in the statement of comprehensive income.

- Benefits accrued since 1st January 2007

  The benefits in question are accounted for using the methodology adopted for defined contribution pension plans (which are not subject to actuarial valuation) as the amount relating to employees has been transferred in full outside the Company. The corresponding liability is determined according to article 2120 of the Italian Civil Code.

R Financial liabilities, trade and other payables and other liabilities

These are measured at fair value on initial recognition. Subsequently they are valued at amortised cost by applying the effective interest rate method. Where there is a change in the estimated future cash flows and these can be reliably

estimated, the value of the payables is recalculated to reflect this change on the basis of the present value of the new estimated future cash flows and the internal rate of return originally calculated.
Sale transactions with a repurchase obligation represent a form of financing as the risks attached to ownership (mainly the risk relating to changes in fair value) remain with the Company. In this case, the asset is not derecognised, the payable for the repurchase is classified as a financial liability and the difference is recorded in the income statement as financial income or charges.
Financial liabilities also include derivative contracts, which are discussed in the appropriate section below. Derivative contracts are measured at fair value with an offsetting entry in the income statement at each reporting date.

S Recognition of revenues
Sales revenues are recognised when the risks and benefits associated with ownership have effectively been transferred or when a service has been rendered.
The recognition of revenues from services is based on the stage of completion reached.
Revenues are recorded net of returns, discounts, allowances and premiums, and of directly related taxes.

T Recognition of costs
Costs are recognised when they relate to goods and services that are sold or used during the year or by systematic allocation, or when their future usefulness cannot be determined.

U Interest income and expenses
Interest income and expenses are booked on an accrual basis.

V Translation of items expressed in a currency other than the euro
Transactions in foreign currency are translated into euro at the exchange rates prevailing on the transaction date. Exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary asset and liability items denominated in a foreign currency are recorded in the income statement.

W Dividends
[A] **Dividends received**
Dividends received from subsidiaries, joint ventures, affiliates and other holdings are recorded in the income statement when the right of shareholders to receive the payment has been established.
[B] **Dividends paid**
The payment of dividends to the Company's shareholders is recorded as a liability on the statement of financial position of the period in which the distribution was approved by the Company's shareholders.

X Taxes
Current taxes are calculated based on the taxable income for the period, applying the prevailing tax rates at the reporting date.
Deferred taxes are calculated on all temporary differences arising between the tax value of an asset or liability and its carrying amount, with the exception both of those relating to investments in subsidiaries, and when the timing of the reversal of such differences is controlled by the company and it is probable that the differences will not be reversed within a reasonably foreseeable timescale.
In respect of deferred tax assets (including those relating to tax losses from previous periods) that cannot be offset against deferred tax liabilities in full, the residual portion is recognised to the extent that it is probable that taxable income will be generated in future against which it can be recovered.
Deferred taxes are calculated using the tax rates that are expected to apply in the years in which temporary differences are realised or reversed.
Current and deferred taxes are recognised in the income statement, with the exception of those related to items directly deducted from or added to shareholders' equity, in which case the tax effect is taken directly to shareholders' equity.
Current and deferred taxes are set off when income taxes are applied by the same tax authority, when there is a legal right of set-off and the intention to settle on a net basis.

Changes in tax rates due to regulatory amendments are booked in the year in which the changes are substantially enacted; the effect is recorded in the income statement or under shareholders' equity, in relation to the transaction that generated the underlying deferred tax.
Other taxes not related to income, such as property taxes, are included under 'Cost of services and sundry costs'.
The Company allows its Italian subsidiaries to participate in a national tax consolidation scheme for the purposes of calculating corporate income tax (IRES), pursuant to articles 117-128 of the consolidated law on income tax. As a result, a single income tax base is created for the Company and certain Italian subsidiaries, essentially through the algebraic

sum of the tax profit or loss of each participant. Participation in a particular scheme is confirmed by a communication to the tax authority made by the Company indicating which subsidiaries have decided to take up this option. The option has a fixed duration of three years (except in the event of interruptions provided for by law) and the matter is governed between the two parties by a consolidation agreement. With specific reference to the transfer of tax losses, the agreements in force provide for remuneration commensurate with the ordinary IRES tax rate, equal to the portion of the loss of each subsidiary that was effectively offset by taxable income generated by other consolidated companies. Any excess losses remain allocated to the Company and remuneration for these losses is deferred until the year when they are actually used under the national tax consolidation scheme.

Y Derivatives

All derivatives are financial assets and liabilities that are recognised at fair value.

They are classified as hedging instruments when the relationship between the derivative and the item being hedged is formally documented and the effectiveness of the hedge, verified periodically, is high. When derivatives hedge the risk of changes in the fair value of the underlying items (fair value hedges, e.g. hedging the variability of the fair value of fixed-rate assets/liabilities), they are recorded at fair value in the income statement, with the effects of the changes taken to profit or loss; at the same time, the hedged items are adjusted to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes in cash flows from the underlying items (cash flow hedges, e.g. hedging the variability of cash flows generated by assets/liabilities due to exchange rate fluctuations), the changes in the fair value of the derivatives are initially recognised under equity and subsequently taken to the income statement in the same period in which the economic effects of the hedged items are recorded in the income statement.

Financial derivatives (including those relating to commodities) that do not meet the requirements for hedge accounting set out in IAS 39 are booked at fair value in the income statement, with the change in the fair value of the instrument recorded under the heading 'Financial income' or 'Financial charges'.

To determine the fair value of financial instruments listed on active markets, the bid price of the security on the relevant reporting date is used. In the absence of an active market, fair value is determined by using measurement models based largely on objective financial variables, and by considering, wherever possible, the prices observed in recent transactions and the prices for comparable financial instruments.

Z Emission trading

Legislative Decree 216 of 4th April 2006 introduced limits on CO_2 emissions from plants. If these limits are exceeded a company must purchase credits covering the excess amount of CO_2 on the market. If the credits allocated and purchased during the period, net of those sold, are insufficient, the shortfall, measured at market value at the end of the year or at fixed price (if there are forward contracts) is recorded under provisions for risks; if, however, the credits allocated and purchased, net of those sold, exceed requirements, the surplus, measured at purchase cost or market value at the end of the year if lower, is recorded under intangible assets.

AA Segment information

An operating segment is a part of an entity:

a) that undertakes commercial activities that generate revenues and costs (including revenues and costs relating to transactions with other parts of the same entity);
b) whose operating results are reviewed periodically at the highest operational decision-making level of the entity in order to adopt decisions on the resources to be allocated to the segment and the assessment of the results; and
c) for which separate accounting information is available.

A geographical segment is defined as a group of assets and transactions used for specific services in a particular geographical area.

3.2 Use of estimates

The preparation of the financial statements requires the directors to apply accounting standards and methods that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that are considered, from time to time, reasonable and realistic under the circumstances. The use of these estimates and assumptions affects the values reported in the financial statements, i.e. the statement of financial position, income statement, statement of comprehensive income and cash flow statement, as well as the accompanying disclosures. The actual amounts of accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based.

3.3 Most significant accounting policies requiring a greater degree of subjectivity

A brief description is provided below of the most significant accounting policies requiring greater subjectivity by the directors in the preparation of their estimates and in respect of which a change in the conditions underlying the assumptions used could have a significant effect on the restated aggregate financial information.

[I] Depreciation of fixed assets represents a sizeable cost. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the assets concerned. The useful life of the assets is determined by the directors at the time they are purchased; it is based on past experience for similar assets, market conditions and expectations as to future events that could affect their useful life, such as changes in technology. Their actual useful life could therefore differ from the estimate. The Company periodically assesses technological changes and industry developments, dismantling and disposal costs and recoverable value in order to adjust the asset's remaining useful life. This periodic revision process could lead to a change in the depreciation period considered and, therefore, in the depreciation charged in future years.

[II] Recoverable value of fixed assets: if there are impairment indicators, the estimated recoverable value is derived from a complex valuation process that largely depends on external sector variables or changes in the regulatory framework. The corresponding environment is monitored continuously and sector analysis is obtained regularly. However, it may be that the effective change in the key variables is not in line with expectations.

[III] Deferred tax assets are recognised on the basis of estimated future taxable earnings. The measurement of estimated future taxable earnings for deferred tax recognition purposes depends on factors that may vary over time and may have a significant effect on the measurement of deferred tax assets.

[IV] Provisions for risks: in certain circumstances, determining whether there is a current obligation (either legal or constructive) is not always straightforward. The directors evaluate such circumstances on an individual case basis, and at the same time estimate the amount of financial resources needed to discharge the obligation in question. Where the directors feel that a liability is only possible, the associated risks are disclosed in the note concerning commitments and risks, and no accrual is made.

4. Information by business segment and geographical area

4.1 Preliminary remarks

The Company operates in the Italian and international oil markets as a seller of products derived from the refining process. It is therefore deemed that the Company operates in just one segment.

4.2 Breakdown by geographical area

The breakdown by geographical area takes into account the size of the reference market and the countries in which the registered offices of counterparties are located.

Net revenues from ordinary operations by geographical area:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Sales in Italy	4,588,184	5,265,461	(677,277)	5,198,020
Sales in Spain	482,697	374,494	108,203	374,494
Other EU sales	1,163,752	1,460,520	(296,768)	1,460,520
Non-EU sales	2,844,099	3,011,799	(167,700)	3,011,799
US Sales	53,576	0	53,576	0
Total	**9,132,308**	**10,112,274**	**(979,966)**	**10,044,833**

The following table shows a breakdown of trade receivables by geographical area.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Receivables in Italy	340,094	432,379	(92,285)	378,733
Receivables in Spain	16,755	27,366	(10,611)	27,366
Other EU receivables	1,011	7,646	(6,635)	7,646
Non-EU receivables	46,690	48,257	(1,567)	48,257
U.S. receivables	0	194	(194)	194
Provision for bad debts	(5,657)	0	(5,657)	0
Total	**398,893**	**515,842**	**(116,949)**	**462,196**

The most significant changes to the statement of financial position and statement of comprehensive income compared with the previous year are illustrated below.

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

The following table shows a breakdown of cash and cash equivalents.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Bank and postal deposits	511,238	419,815	91,423	247,248
Cash	27	48	(21)	48
Total	**511,265**	**419,863**	**91,402**	**247,296**

For further details on the Company's net financial position, please refer to the appropriate section of the Report on Operations or to the cash flow statement.

5.1.2 Other financial assets

Other financial assets, which amount to EUR 320,584 thousand, mainly comprise the positive fair value of outstanding derivatives at the reporting date (EUR 211,270 thousand compared with EUR 13,629 thousand in the previous year) and 'Financial receivables from Group companies', which mainly include receivables from Sarlux Srl of EUR 51,124 thousand and Parchi Eolici Ulassai Srl of EUR 5,041 thousand. These receivables from Group companies carry interest charged at market rates, and are due in the next year. These receivables, which were classified under 'Other current assets' in the previous year, have been reclassified in 'Other financial assets' to better represent their nature: the previous year's figures have also been reclassified.

For further details, see 5.3.1.

5.1.3 Trade receivables

The following table shows the balance for trade receivables.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
From trade debtors	343,406	459,034	(115,628)	224,698
From Group companies	55,487	56,808	(1,321)	237,498
Total	**398,893**	**515,842**	**(116,949)**	**462,196**

The balance of receivables from Group companies mainly relates to receivables from Saras Energia SA (EUR 16,894 thousand) for the supply of oil products, and from Sarlux Srl (EUR 36,220 thousand) for the supply of raw materials and services. The item is shown net of bad debt provisions, as a result of the merger of Arcola Petrolifera Srl, totalling EUR 5,657 thousand (EUR 6,157 thousand in the previous year).

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during 2014.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Raw materials, spare parts and consumables	148,877	219,569	(70,692)	219,496
Semi-finished products	60,510	72,259	(11,749)	72,259
Finished products and goods held for resale	299,630	447,524	(147,894)	441,056
Total	**509,017**	**739,352**	**(230,335)**	**732,811**

The reduction in the value of inventories is essentially due to price trends; the fall in prices also entailed a write-down of around EUR 162 million in the valuation of inventories at net realisable value.
This valuation is thus equivalent to the market value.

No inventories are used as collateral for liabilities.

The item 'Finished products and goods held for resale' includes around 444 thousand tons of oil products (valued at around EUR 144 million) held for group companies and certain third parties in accordance with the obligations of Legislative Decree 22 of 31st January 2001 (in the previous year, these stocks amounted to 661 thousand tons valued at around EUR 456 million).
The Sarroch refinery held no crude oil or oil products belonging to third parties at 31st December 2014 (unchanged from 31st December 2013).

5.1.5 Current tax assets

Current tax assets break down as follows:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
IRES (corporate income tax)	32,317	32,617	(300)	31,612
IRAP (regional income tax)	2,755	2,620	135	2,328
Other tax receivables	3,801	3,935	(134)	3,934
Total	**38,873**	**39,172**	**(299)**	**37,874**

IRES receivables are due to excess tax paid in previous years.

5.1.6. Other assets

The balance breaks down as follows:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Accrued income	132	132	0	132
Prepaid expenses	6,357	3,987	2,370	2,368
Other receivables	7,145	8,840	(1,695)	8,773
Tax receivables from subsidiaries due to fiscal consolidation		3,290	(3,290)	3,290
Total	**13,634**	**16,249**	**(2,615)**	**14,563**

The item essentially includes deferred charges and various receivables.

5.2 Non-current assets

5.2.1 Property, plant and equipment

The item 'Property, plant and equipment' and related changes breaks down as shown below. For materiality reasons, they are not compared with pro forma values.

COST	31/12/2012	Additions	(Disposals)	Grants	Other changes	Contribution in kind	31/12/2013
Land and buildings	127,026			(1,524)	1,478	(112,569)	14,411
Plant and equipment	1,650,179	9,094	(1,128)	(21,045)	16,380	(1,653,480)	0
Industrial and commercial equipment	18,899		(3,417)	(1,978)	948	(14,367)	85
Other assets	446,469	77	(4,815)	(2,937)	5,636	(421,811)	22,619
Assets under construction and payments on account	200,198	41,568			(24,442)	(217,159)	165
Total	**2,442,771**	**50,739**	**(9,360)**	**(27,484)**	**0**	**(2,419,386)**	**37,280**

ACCUMULATED DEPRECIATION	31/12/2012	Depreciation	(Disposals)	Grants on depreciation of previous years	Other changes	Contribution in kind	31/12/2013
Land and buildings	56,842	3,951		(708)		(50,435)	9,650
Plant and equipment	1,303,744	37,871	(1,128)	(18,700)		(1,321,787)	0
Industrial and commercial equipment	15,938	653	(3,417)	(1,978)		(11,128)	68
Other assets	350,942	9,192	(4,803)	(2,187)		(334,117)	19,027
Total	**1,727,466**	**51,667**	**(9,348)**	**(23,573)**	**0**	**(1,717,467)**	**28,745**

NET BOOK VALUE	31/12/2012	Additions	(Disposals)	(Depreciation)	Grants and Other changes	Contribution in kind	31/12/2013
Land and buildings	70,184	0	0	(3,951)	662	(62,134)	4,761
Plant and equipment	346,435	9,094	0	(37,871)	14,035	(331,693)	0
Industrial and commercial equipment	2,961	0	0	(653)	948	(3,239)	17
Other assets	95,527	77	(12)	(9,192)	4,886	(87,694)	3,592
Assets under construction and payments on account	200,198	41,568	0		(24,442)	(217,159)	165
Total	**715,305**	**50,739**	**(12)**	**(51,667)**	**(3,911)**	**(701,919)**	**8,535**

COST	31/12/13	Additions	(Disposals)	Grants	Other changes	Merger of Arcola Petrolifera	31/12/2014
Land and buildings	14,411						14,411
Plant and equipment	0						0
Industrial and commercial equipment	85						85
Other assets	22,619	7			240	20	22,886
Assets under construction and payments on account	165	313			(18)		460
Total	**37,280**	**320**	**0**	**0**	**222**	**20**	**37,842**

ACCUMULATED DEPRECIATION	31/12/2013	Depreciation	(Disposals)	Grants on depreciation of previous years	Other changes	Merger of Arcola Petrolifera	31/12/2014
Land and buildings	9,650	2,149					11,799
Plant and equipment	0						0
Industrial and commercial equipment	68	11					79
Other assets	19,027	1,138				6	20,171
Total	**28,745**	**3,298**	**0**	**0**	**0**	**6**	**32,049**

NET BOOK VALUE	31/12/2013	Additions	(Disposals)	(Depreciation)	Grants and other changes	Merger of Arcola Petrolifera	31/12/2014
Land and buildings	4,761	0	0	(2,149)	0	0	2,612
Plant and equipment	0	0	0	0	0	0	0
Industrial and commercial equipment	17	0	0	(11)	0	0	6
Other assets	3,592	7	0	(1,138)	240	14	2,715
Assets under construction and payments on account	165	313	0		(18)	0	460
Total	**8,535**	**320**	**0**	**(3,298)**	**222**	**14**	**5,793**

'Land and buildings' includes civil buildings used as offices in Milan and Rome.

'Other assets' mainly includes furniture and electronic equipment.

'Work in progress and advances' reflects costs incurred for investments not yet brought into operation at 31st December 2014.

The main annual depreciation rates used are shown below.

Industrial buildings (land and buildings)	**5.50%**
Supplies (equipment)	**25.00%**
Electronic office equipment (other assets)	**20.00%**
Office furniture and machinery (other assets)	**12.00%**
Vehicles (other assets)	**25.00%**

There are no fixed assets held for sale.

5.2.2 Intangible assets

The following tables show the changes in intangible assets.

COST	31/12/2012	Additions	Disposals	Contribution in kind	Other changes	31/12/2013
Industrial and other patent rights	21,600			(1,136)	93	20,557
Intangible assets in progress and payments on account	17,012	1,764			(93)	18,683
Total	**38,612**	**1,764**	**0**	**(1,136)**	**0**	**39,240**

ACCUMULATED AMORTISATION	31/12/2012	Amortisation	Disposals	Contribution in kind	Other changes	31/12/2013
Industrial and other patent rights	20,074	747		(772)		20,049
Total	**20,074**	**747**	**0**	**(772)**	**0**	**20,049**

NET BOOK VALUE	31/12/2012	Additions	Disposals and Contribution in kind	Other changes	Amortisation	31/12/2013
Industrial and other patent rights	1,526	0	(364)	93	(747)	508
Intangible assets in progress and payments on account	17,012	1,764	0	(93)	0	18,683
Total	**18,538**	**1,764**	**(364)**	**0**	**(747)**	**19,191**

COST	31/12/2013	Additions	Disposals	Other changes	Merger of Arcola Petrolifera	31/12/2014
Industrial and other patent rights	20,557			317	118	20,992
Intangible assets in progress and payments on account	18,683	780		(317)	80	19,226
Total	**39,240**	**780**	**0**	**0**	**198**	**40,218**

ACCUMULATED AMORTISATION	31/12/2013	Amortisation	Disposals	Other changes	Merger of Arcola Petrolifera	31/12/2014
Industrial and other patent rights	20,049	654			79	20,782
Total	**20,049**	**654**	**0**	**0**	**79**	**20,782**

NET BOOK VALUE	31/12/2013	Additions	Disposals and merger of Arcola P.	Other changes	Amortisation	31/12/2014
Industrial and other patent rights	508	0	39	317	(654)	210
Intangible assets in progress and payments on account	18,683	780	80	(317)	0	19,226
Total	**19,191**	**780**	**119**	**0**	**(654)**	**19,436**

Amortisation of intangible assets totalled EUR 654 thousand, and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	**20%**
Concessions, licences, trademarks and similar rights	**5% - 33%**
Other intangible assets	**6% - 33%**

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
The balance of this item relates mainly to the costs incurred to acquire software licences.

Work in progress and advances
This item mainly includes the cost of natural gas exploration in Sardinia, which amounted to EUR 18,560 thousand.

Internal costs capitalised in 2014 totalled EUR 192 thousand. No financial charges were capitalised.

In September, Saras received a letter from the environmental sustainability service (Servizio della sostenibilità ambientale, or SAVI) that its appeal against the environmental sustainability assessment for its exploration activity in one of the two projects that the Group was working on was inadmissible. Saras lodged an appeal with the TAR (regional administrative court) in Sardinia and, after assessing the potential outcome of the dispute, did not consider that there were impairment indicators as set out in IFRS 6, and decided to maintain the capitalised values of the asset. No intangible assets with a finite useful life are held for sale.

5.2.3 Equity interests

5.2.3.1 Equity interests valued at cost
As previously noted, Arcola Petrolifera Srl was merged into Saras SpA during the year. In addition, Ensar Srl was merged into Parchi Eolici Srl by a merger deed dated 15th December 2014, recorded in the Cagliari Register of Companies on 18th December 2014. For accounting and tax purposes the merger is effective as from 1st January 2014.
The table below shows a list of equity investments held at 31st December 2014, with the main figures relating to each subsidiary.

EQUITY INVESTMENTS

Legal name	HQ	Currency	Share Capital	% owned	Category	Total assets	Total liabilities	Shareholders' equity	Net profit/ (loss) last FY	Carrying amount in Saras SpA
Deposito di Arcola Srl	Arcola (SP)	€	1,000,000	100.00%	subsidiary	5,488,736	4,089,408	1,399,328	(1,890,647)	0
Parchi Eolici Ulassai Srl	Cagliari	€	500,000	100.00%	subsidiary	64,903,908	6,471,934	58,431,974	7,322,533	33,613,000
Sargas Srl	Uta (CA)	€	10,000	100.00%	subsidiary	492,389	3,128	489,261	(3,725)	510,000
Sarint SA	Luxemburg	€	50,705,314	99,9% (*)	subsidiary	63,745,374	152,331	63,593,043	(172,516)	37,750,614
Sarlux Srl	Sarroch (CA)	€	100,000,000	100.00%	subsidiary	1,494,635,828	410,635,407	1,084,000,421	(108,410,610)	638,395,086
Sartec-Saras Ricerche e Tecnologie SpA	Assemini (CA)	€	3,600,000	100.00%	subsidiary	20,394,473	10,483,823	9,910,650	1,118,079	17,382,989
										727,651,689

(*) The remaining 0.1% stake in Sarint SA is owned by the subsidiary Deposito di Arcola Srl

A comparison with the figures for the previous year is shown below.

	Registered office	% owned	31/12/2014	31/12/2013
Arcola Petrolifera Srl	Sarroch (CA)	100%	0	10,558
Deposito di Arcola Srl	Arcola (SP)	100%	0	0
Ensar Srl	Uta (CA)	0%	0	0
Parchi Eolici Ulassai Srl	Cagliari	100%	33,613	33,613
Sargas Srl	Uta (CA)	100%	510	510
Sarint SA	Luxemburg	99.9%	37,750	37,750
Sarlux Srl	Sarroch (CA)	100%	638,395	638,395
Sartec-Saras Ricerche e Tecnologie SpA	Assemini (CA)	100%	17,383	8,623
Total			**727,651**	**729,449**

The changes in carrying value are as follows:

	31/12/2012	Loan waivers and contribution in kind	Revaluations	Impairment losses	Other changes and rounding	31/12/2013
Arcola Petrolifera Srl	10,558					10,558
Deposito di Arcola Srl	0	2,500		(2,500)		0
Ensar Srl	1,135	300		(1,435)		0
Parchi Eolici Ulassai Srl	33,613					33,613
Sargas Srl	510					510
Sarint SA	37,750					37,750
Sarlux Srl	211,808	426,589			(2)	638,395
Sartec-Saras Ricerche e Tecnologie SpA	7,047		1,574		2	8,623
Total	**302,421**	**429,389**	**1,574**	**(3,935)**	**0**	**729,449**

	31/12/2013	Loan waivers and contribution in kind	Revaluations	Impairment losses	Merger	31/12/2014
Arcola Petrolifera Srl	10,558				(10,558)	0
Deposito di Arcola Srl	0					0
Parchi Eolici Ulassai Srl	33,613					33,613
Sargas Srl	510					510
Sarint SA	37,750					37,750
Sarlux Srl	638,395					638,395
Sartec-Saras Ricerche e Tecnologie SpA	8,623		8,760			17,383
Total	**729,449**	**0**	**8,760**	**0**	**(10,558)**	**727,651**

The balance at 31st December 2014 is shown net of write-downs applied in both the current year and previous years, totalling EUR 3,439 thousand.
A reversal of a previous impairment loss was recognised on the equity investment in Sartec SpA, totalling EUR 8,760 thousand, in view of its continuing positive results and future prospects.

Sardeolica Srl, which is owned indirectly through Parchi Eolici Ulassai Srl and worth EUR 28.4 million, entered into a loan agreement divided into five credit lines with a pool of banks led by Banca Nazionale del Lavoro, which was signed on 6th December 2005. The loan is repayable in half-yearly instalments until the end of 2016, and carries a variable interest rate equivalent to Euribor plus a spread, which is also variable.
This loan agreement imposes certain covenants on the subsidiary:

- Financial (mainly comprising liquidity parameters that must be met every six months and a ban on carrying out derivatives transactions unless authorised by the pool of banks);
- Operational, in regard to the management of the wind farm and the obligation to provide insurance cover;
- Corporate, connected with the company's ownership structure, and specifically a ban on carrying out extraordinary financing transactions without the authorisation of the lending banks, and on making changes to the licences and permits the company needs to carry out the project.

If the company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.
At the last contractual deadline, the covenants relating to the above-mentioned loans had been complied with.
Moreover, in order to secure the loan taken out by Sardeolica, all of the shares in the company were pledged as collateral to the financing banks.

None of the direct or indirect subsidiaries of Saras SpA is listed on a regulated market.

5.2.3.2 Other equity interests

This item includes the 5.95% stake in Sarda Factoring SpA of EUR 495 thousand.

5.2.4 Deferred tax assets

Deferred tax assets (EUR 168,260 thousand at 31st December 2014) are shown net of deferred tax liabilities and are analysed as follows (for materiality reasons, the 31st December 2013 figure is not compared with the pro forma values).

EUR Thousand				Other changes		
	Amount at 31/12/2013	Additions	Deductions	Effect of decrease in surcharg and IRAP tax rate on opening balance (through P&L)	Other changes	Deductions 31/12/2014
Deferred tax liabilities						
Unrealised exchange differences	(2,111)	0	2,111			0
Other	(277)	0	0	47		(230)
Total deferred tax liabilities	**(2,388)**	**0**	**2,111**	**47**	**0**	**(230)**
Deferred tax assets						
Measurement of inventory at end of the period at FIFO for tax purposes	857	17,837	0	(159)	(77)	18,458
Provisions for risks and write-downs	0	0	(94)	(367)	2,017	1,556
Costs for the dismantling and removal of tangible assets	0	0			0	0
Employee benefits and bonuses	198	258	(155)	(16)	77	362
Unrealised exchange differences	1,785	7,110	(1,785)	0		7,110
Excess maintenance costs	0	235	0	0		235
Tax asset relating to IRES Consolidated net loss	54,847	82,324	0		(697)	136,474
Deferred tax asset (for the IRES surcharge of 6.5%)	38,370	0	0	(38,370)		0
Provision for port duties	5,518			(1,344)	0	4,174
Other	195	78	(143)	(9)	0	121
Total deferred tax assets	**101,770**	**107,842**	**(2,177)**	**(40,265)**	**1,320**	**168,490**
Net total	**99,382**	**107,842**	**(66)**	**(40,218)**	**1,320**	**168,260**

The most significant changes were due to:

- The recording of tax assets on the relevant portion of the net loss for the year (EUR 82,324 thousand), under the IRES national tax consolidation scheme, that is considered recoverable against future taxable income.
- The addition of deferred tax assets of EUR 17,837 thousand on the difference between the value of the inventories for statutory and tax purposes.

With reference to the item, 'Effect of changes in tax rates on previous figures', on 11th February 2015, in ruling 10/2015, the Constitutional Court declared the IRES surcharge known as "Robin tax" unconstitutional. The tax was originally introduced by article 81, paragraphs 16-18 of Decree Law 112 of 25th June 2008, converted into law, after amendments, by article 1, paragraph 1 of Law 133 of 2008, as subsequently amended. This takes effect the day after publication of the ruling in the Italian Official Gazette. The tax had been referred to the Constitutional Court by a provincial tax commission in March 2011.

The Robin Hood tax, a surcharge on corporate income tax (IRES), was levied on the income of companies operating in the oil, gas and conventional energy production sector at a rate of 5.5% in 2008 and 2009. It was subsequently increased to 6.5% for 2010 and further increased to 10.5% for 2011, 2012 and 2013. Since 2011, the tax has also applied to the entire energy sector. In 2014, the rate was cut to 6.5%.

As it was not permitted to offset the tax under the national tax consolidation scheme (IRES), a tax asset was created in previous years due both to the tax loss carry-forwards (from 2009 to 2013) and to the normal effect of deferred tax assets/liabilities. The total of this tax asset item at 31st December 2013 was reduced to zero in these financial statements.

The Autonomous Region of Sardinia also cut the IRAP tax rate from 3.9% to 1.17% during the year, which required the Company to further adjust its tax asset figure.

The total liability arising from these tax asset adjustments amounted to EUR 40,218 thousand.

The following table shows deferred tax assets/liabilities broken down into the current and non-current portions for 2014 and 2013.

EUR Thousand	2014 Short Term	2014 Medium/long Term	2013 Short Term	2013 Medium/ long Term
Deferred tax liabilities				
Unrealised exchange losses	0		(2,111)	
Other	(230)	0	(277)	
Total deferred tax liabilities	**(230)**	**0**	**(2,388)**	**0**
Deferred tax assets				
Measurement of inventory at end of the period at FIFO for tax purposes	18,458	0	857	0
Provisions for risks and write-downs	1,556	0	0	0
Employee benefiits and bonuses	258	104	155	43
Unrealised exchange losses	7,110	0	1,785	0
Excess maintenance costs	47	188	0	0
Tax asset relating to IRES consolidated net loss	0	136,474	0	54,847
Deferred tax asset (on the IRES surcharge 6.5%)	0	0	0	38,370
Provision for port dulies	4,174	0	5,518	0
Other	121	0	195	0
Total deferred tax assets	**31,724**	**136,766**	**101,727**	**43**

5.2.5 Other financial assets

At 31st December 2014, the balance of this item was EUR 55,904 thousand (EUR 75,323 thousand the previous year) and relates mainly to the long-term portion of the financial receivables from Saras Energia SA of EUR 51,000 thousand. The change compared with the previous year was due to a partial repayment and a reclassification of the short-term portion of the same loan.

5.3 Current liabilities

5.3.1 Short-term financial liabilities

The following table provides a breakdown of short-term financial liabilities.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Bond	249,723	0	249,723	0
Short-term bank loans	28,900	30,707	(1,807)	30,707
Bank overdrafts	57,309	41,244	16,065	7,939
Loans from Group companies	31,006	55,686	(24,680)	55,686
Derivative instruments	171,323	20,001	151,322	20,001
Other short-term financial liabilities	27,561	10,694	16,867	10,694
Total short-term financial liabilities	**565,822**	**158,332**	**157,767**	**125,027**
Total long-term financial liabilities	**256,654**	**361,302**	**(104,648)**	**361,302**
Total financial liabilities	**822,476**	**519,634**	**53,119**	**486,329**

The bond issued by the Company on 16th July 2010 with a nominal value of EUR 250 million and a five-year duration expiring on 21st July 2015 was reclassified from long-term financial liabilities to short-term financial liabilities. The bonds, which are listed on the Luxembourg stock exchange, have a coupon of 5.583%, are not secured by collateral and are not subject to any covenants.

The terms and conditions of the Company's loans are explained in note 5.4.1 'Long-term financial liabilities'. The item 'Loans from Group companies' includes payables to subsidiaries, including Sarint SA (EUR 14,530 thousand), Sardeolica Srl (EUR 6,006 thousand) and Reasar SA (EUR 10,470 thousand). These loans from Group companies, with the exception of the loan from Sarint SA, carry interest charged at market rates, and are due in the next year.
The item 'Derivatives' includes the negative fair value of the derivatives in place at the reporting date.
The table below shows the fair value of the derivatives recognised as either assets (recorded under 'Other financial assets', as described in section 5.1.2) or liabilities:

	31/12/2014 Assets	31/12/2014 Liabilities	31/12/2013 Assets	31/12/2013 Liabilities
Interest rate swaps		(1,572)	0	(1,087)
Fair value of derivatives on commodities (oil & other oil products)	196,798	(169,751)	13,471	(16,287)
Fair value of forward purchases and sales of exchange rate	14,472		158	(2,627)
Total	**211,270**	**(171,323)**	**13,629**	**(20,001)**

The following tables show the notional values and corresponding fair values of derivatives outstanding at 31st December 2014 and 31st December 2013.

Type of transaction	**Interest rate**			**Other**			
Dati al 31/12/2014	**Notional value**	**Fair value**		**Notional value**		**Fair value**	
		Pos.	**Neg.**	**Purchases**	**Sales**	**Pos.**	**Neg.**
Futures							
Oil products and crude oil				(201,778)	357,487	77,639	(38,379)
Exchange rates				(852,413)		14,472	
Swaps							
Oil products and crude oil				(239)	126.717	15.964	(360)
Interest rates	126,641		(1,572)				
Options							
Oil products and crude oil				(62,538)	30,496	103,195	(131,012)
Total	**126,641**	**0**	**(1,572)**	**(1,116,968)**	**514,700**	**211,270**	**(169,751)**

Type of transaction	**Interest rate**			**Other**			
Dati al 31/12/2013	**Notional value**	**Fair value**		**Notional value**		**Fair value**	
		Pos.	**Neg.**	**Purchases**	**Sales**	**Pos.**	**Neg.**
Futures							
Oil products and crude oil				(442,552)	327,032	6,436	(9,759)
Exchange rates				(785,796)	0	158	(2,627)
Swaps							
Oil products and crude oil				(77,417)	242,898	3,517	(4,298)
Interest rates	144,500	0	(1,087)				
Options							
Oil products and crude oil				(3,350)	4,900	3,518	(2,230)
Total	**144,500**	**0**	**(1,087)**	**(1,309,115)**	**574,830**	**13,629**	**(18,914)**

5.3.2 Trade and other payables

The table below shows a breakdown of this item.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Advances from customers: portion due within the year	0	89,679	(89,679)	89,679
Trade payables: portion due within the year	1,462,560	1,251,833	210,727	1,233,799
Trade payables to Group Companies	60,941	51,417	9,524	52,859
Total	**1,523,501**	**1,392,929**	**130,572**	**1,376,337**

In the previous year, the item "Advances from customers" related to payments on account received from customers for the supply of oil products. This was not the case at the end of 2014.

The item 'Trade payables to Group companies' essentially includes payables to Sarlux Srl of EUR 56,332 thousand.

The balance of 'Trade payables' includes the amount payable for the supply of crude oil purchased from Iran, the payment for which continues to be suspended due to restrictions in international banking networks resulting from the total oil embargo decided by the European Union; the change in trade payables in the last three years is mainly due to said deferrals. As a reminder, the balance of 'Trade payables' was EUR 975,438 thousand at 31st December 2011.

The following table shows a geographical breakdown of trade payables.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Payables to Italian suppliers	180,300	247,850	-67,550	88,720
Payables to Spanish suppliers	844	250	594	250
Payables to other EU country suppliers	45,844	55,033	-9,189	55,033
Payables to non-EU country suppliers	1,296,269	1,089,598	206,671	1,089,598
Payables to US suppliers	244	198	46	198
Total	**1,523,501**	**1,392,929**	**130,572**	**1,233,799**

5.3.3 Current tax liabilities

This item breaks down as shown below.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
VAT	20,507	69,193	(48,686)	69,193
Other tax payables	72,680	67,562	5,118	2,484
Total	**93,187**	**136,755**	**(43,568)**	**71,677**

VAT relates to the amount payable in the month of December. The increase is due to lower revenues realised by the Company in December from Italian customers compared with the same period of the previous year.

The item 'Other tax payables' chiefly includes excise duties on products marketed, totalling EUR 69,605 thousand.

5.3.4 Other current liabilities

A breakdown of other current liabilities is shown in the table below.

	31/12/2014	31/12/2013 pro forma	Variazione	31/12/2013
Social security payables: portions due within one year	2,222	2,460	(238)	2,414
Due to personnel	4,420	3,279	1,141	3,116
Other payables	18,048	19,354	(1,306)	18,609
Tax payables to subsidiaries due to fiscal consolidation	47,183	13,915	33,268	13,915
Other accrued liabilities	165	545	(380)	513
Other deferred income	0	13	(13)	13
Total	**72,038**	**39,566**	**32,472**	**38,580**

The item 'Due to personnel' includes salaries not yet paid for December, the portion of additional monthly payments accrued, and performance bonuses for the achievement of business targets.

The item 'Tax payables to subsidiaries due to fiscal consolidation' essentially relates to Sarlux (EUR 45,723 thousand). The item ' Others payables' chiefly relates to port duties (EUR 15,115 thousand), as previously determined by the customs authority in respect of the Company for the period 2005-2007. The Company lost the case on appeal to the provincial tax commission and is now waiting for a date to be set for a hearing before the regional tax commission.

The initial phase of the Company's long-standing dispute with the Italian tax authority regarding port duties payable for the Sarroch landing dock for the 1994-1995 period was settled to the full satisfaction of the Company, after the Court of Cassation found in favour of the Company and issued a final ruling declaring that the taxes were not due.

In the second phase of the dispute, the Court of Cassation ruled against the Company in March 2012, in part due to regulatory amendments that had been introduced in the intervening period. As a result of this dispute, the entire amount relating to port duties for the current year, as well as for previous years, has always been booked on an accruals basis under 'Cost of services and sundry costs'.

5.4 Non-current liabilities

5.4.1 Long-term financial liabilities

This item breaks down as shown below.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Euro Bond	173,728	249,224	(75,496)	249,224
Bank loans	82,926	112,078	(29,152)	112,078
Long-term financial liabilities	**256,654**	**361,302**	**(104,648)**	**361,302**

On 17th July 2014, the Parent Company Saras SpA made a private placement of bonds with a total nominal value of EUR 175 million. The bonds, which mature on 17th July 2019, pay a 5% fixed coupon each year. The bonds are admitted to trading on the Third Market of Wiener Borse AG, the Vienna Stock exchange.

On 27th June 2012, the Company signed a five-year loan agreement for EUR 170 million with a group of leading national and international banks. This is a senior loan that is not secured by collateral. It carries an interest rate equal to Euribor plus a fixed annual component and is repayable in nine half-yearly instalments, of which the first, equal to 5% of the capital, is due on 27th June 2013 and the last on 27th June 2017.

Details of the terms and conditions of bank loans are shown in the table below.

Figures in EUR million	Loan origination date	Amount originally borrowed	Base rate	Net book value at 31/12/13	Net book value at 31/12/14	Maturity			Collateral
						1 year	from 1 to 5 years	beyond 5 years	
Loan in pool	3-Jul-12	170.0	Euribor 6M	142.8	111.8	28.9	82.9		
Total payables to banks for loans				142.8	**111.8**	**28.9**	**82.9**		

The weighted average interest rate at 31st December 2014 was 5.08%.

The EUR 170 million loan agreement imposes certain covenants:

- In financial terms, the Company will have to meet the following ratios: net debt/EBITDA < 3.25 and net debt/shareholders' equity < 1.5 (both ratios must be calculated on the basis of the results reported in the Group's consolidated financial statements for the previous 12 months) at 30th June and 31st December each year.
- In corporate terms, mainly in relation to the Company's ownership structure, a ban on changing business purpose, reducing share capital, selling a majority of its significant shareholdings or selling a significant portion of its non-current assets.
- As regards dividends, the Company is allowed to pay out a maximum amount of 60% adjusted consolidated net profit provided that, after distribution, it still complies with the net debt/EBITDA ratio covenant. Note that the covenant in question is consistent with the policy adopted some time ago by the Company.
  If the Company fails to comply with these covenants, the pool of lending banks has the right to demand early repayment of the loan.

At the last contractual deadline, the covenants relating to the above-mentioned loans had been complied with.

5.4.2 Provisions for risks and charges

Provisions for risks and charges break down as follows.

	31/12/2012	Additions	Use and reversals	Movements and Contribution in kind	31/12/2013
Provisions for dismantling of plants	14,565	37		(14,602)	0
Provisions for CO_2 allowances	23,885		(23,896)	11	0
Other risk provisions	4,404		(567)	1	3,838
Total	**42,854**	**37**	**(24,463)**	**(14,590)**	**3,838**

	31/12/2013	Additions	Use and reversals	Movements and merger Arcola P.	31/12/2014
Provisions for dismantling of plants	0				0
Provisions for CO2 allowances	0				0
Other provisions	3,838			80	3,918
Total	**3,838**	**0**	**0**	**80**	**3,918**

The item 'Other provisions' mainly relates to provisions made for potential legal liabilities.

5.4.3 Provisions for employee benefits

A breakdown of this item is shown below.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Employee end-of-service payments	2,899	3,700	(801)	3,497
Other supplementary pension funds	94	6,466	(6,372)	6,466
Total	**2,993**	**10,166**	**(7,173)**	**9,963**

Employee end-of service payments are governed by article 2120 of the Italian Civil Code and reflect the estimated amount that the Company will be required to pay employees when they leave their employment. The liability accrued at 31st December 2006 was determined according to actuarial methods. On 30th June 2010, following the cancellation by the Company of the agreement establishing CPAS, the Company's supplementary employee pension fund, the fund was dissolved and put into liquidation, with workers given the option of transferring the benefits earned until that date to another supplementary pension scheme or of redeeming the full amount. The trade unions disputed the termination of the fund, and a number of the employees involved have mounted a legal challenge to the admissibility, appropriateness and legitimacy of this decision. Having taken legal advice from the lawyers assisting the Company in this matter, the Company is confident that the propriety of its actions will be upheld in court. Following the cancellation, the Saras CPAS fund is the Company's supplementary employee pension fund, and is structured as a defined contribution fund.

The following table shows the changes in 'Employee end-of service payments'.

Balance at 31.12.2012	**12,188**
Accruals for defined contribution plan (TFR)	3,015
Interest	249
Actuarial (gains) / losses	134
Contribution in kind	(8,635)
Utilisations for the year	(439)
Payments to supplementary pension schemes or to INPS treasury fund	(3,015)
Balance at 31.12.2013	**3,497**
Accruals for defined contribution plan (TFR)	1,381
Interest	(281)
Actuarial (gains) / losses	269
Utilisations for the year	(203)
Payments to supplementary pension schemes or to INPS treasury fund	(1,764)
Balance at 31.12.2014	**2,899**

The table below shows the changes in the CPAS fund, which is a defined contribution plan.

Balance at 31.12.2012	**8,992**
Accrual for the year	0
Utilisations for the year / settlement	(2,526)
Balance at 31.12.2013	**6,466**
Accrual for the year	0
Utilisations for the year	(6,372)
Balance at 31.12.2014	**94**

Pursuant to IAS 19, the end-of-service provision was valued using the projected unit credit cost method and the following assumptions:

	31/12/2014	31/12/2013
ECONOMIC ASSUMPTIONS		
Cost of living increase:	1.75%	2.00%
Discount rate:	1.50%	3.15%
Salary increase:	3.00%	3.00%
CPAS: annual growth rate	n.a.	n.a.

At 31st December 2014, the discount rate used was the iBOXX Eurozone Corporates AA10+ (1.50%).
The actuarial calculation takes into account the changes to pensions legislation (Decree Law 201/2011). Given the accounting method used (see the section entitled 'Summary of accounting standards and policies' and point Q 'Provisions for employee benefits' in these Notes to the financial statements), at 31st December 2014 there were no actuarial gains or losses not recognised in the financial statements.
As required by IAS 19 (revised), the following tables provide a sensitivity analysis of the main actuarial assumptions, and show the end-of-service balance at 31st December 2014.

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL DISCOUNT RATE	3,046	2,737
	-0.25%	+0.25%
ANNUAL INFLATION RATE	2,841	2,932
	-0,5%	+0,5%
ANNUAL RATE OF STAFF TURNOVER	2,896	2,855

For 2013:

	Change in benchmark	
	-0.5%	+0.5%
ANNUAL DISCOUNT RATE	12,755	14,211
	-0.25%	+0.25%
ANNUAL INFLATION RATE	13,688	13,230
	-0.5%	+0.5%
ANNUAL RATE OF STAFF TURNOVER	13,478	13,430

5.4.4 Other non-current liabilities

Other non-current liabilities break down as follows:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Advances from Group companies	13,170	16,268	(3,098)	16,268
Social security payables: portion due after one year	0	42	(42)	42
Other	0	0	0	0
Total	**13,170**	**16,310**	**(3,140)**	**16,310**

Advances from Group companies refer to the long-term portion of the payable to Sarlux Srl relating to the 'Feedstock Supply Agreement'. The change compared with the previous year is due both to the reclassification of the portion for the following period from long-term to short-term liabilities and to the transfer of the 'Key Facility Agreement' to Sarlux Srl.

5.5 Shareholders' equity

Shareholders' equity comprises the following:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Share capital	54,630	54,630	0	54,630
Legal reserves	10,926	10,926	0	10,926
Other reserves	501,840	617,035	(115,195)	539,315
Profit/(Loss) for the year	(328,873)	(116,530)	(212,343)	(124,037)
Total	**238,523**	**566,061**	**(327,538)**	**480,834**

Share capital

At 31st December 2014, the fully subscribed and paid-up share capital of EUR 54,630 thousand comprised 951,000,000 ordinary shares with no par value.

Legal reserve

The legal reserve was unchanged from the previous year and stood at one-fifth of the share capital.

Other reserves

This item totalled EUR 501,840 thousand, a net decrease of EUR 115,195 thousand compared with the previous period. The net decrease was the combined result of:

- The appropriation of pro forma profit for the previous year of EUR 116,530 thousand;
- An increase of EUR 1,529 thousand in the reserve for the bonus allocation of shares to employees and management under stock grant plans;
- A decrease of EUR 194 thousand due to the effect of actuarial valuation under IAS 19 (revised).

Net loss

The net loss for the year totalled EUR 328,873 thousand.

Restrictions on the distribution of equity reserves

The table below breaks down equity reserves at 31st December 2014 into the available portion, the non-distributable portion and the distributable portion:

Items in Shareholders' equity	Amount	Possible use	Portion available	Summary of utilisations made in the past three financial years:	
				For loss coverage	For other reasons
Share Capital	**54,629,667**				
Reserves of capital:					
Share premium reserve	338,672,775	A - B - C	338,672,775		
Reserves of profits:					
Revaluation reserve	64,037,748	A - B - C	64,037,748	(*)	
Legal reserves	10,925,934	B			
Profit/(Losses) carried forward	(364,708,517)		0		
Other reserves:					
Extraordinary reserve	377,047,929				
Own shares	(50,179,539)				
IFRS transition effects on retained earnings	(72,484,295)				
	254,384,095	A - B - C	254,384,095	(*)	
Employee share grant reserve	2,167,190				
Locked-in reserves as per art. 7, paragraph 6, D.Lgs. 38/05	19,658,569	A - B	19,658,569		
Merger surplus	85,068,436	A - B - C	85,068,436		
Other Reserves	102,559,524	A - B - C	102,559,524		
TOTAL	**567,395,421**		**864,381,147**		
Non-distributable portion			731,800,163	(**)	
Distributable portion			132,580,984		

Legend: A - for capital increase
B - to cover losses
C - for distribution to shareholders

(*): whereof the amount on which taxation is suspended is equal to zero

(**): includes EUR 19.6 millions for "Locked-in-reserves as per art. 7, paragraph 6 D.Lgs. 38/05", 18.6 millions from Art.2426 paragraph 1, n.5 of the Italian Civil Code

Dividends

On 28th April 2014, the ordinary shareholders' meeting of Saras SpA called to approve the financial statements ending 31st December 2013 voted not to pay any dividends.

The Board of Directors made a proposal to the Shareholders' Meeting called on 28th April 2015 not to pay a dividend for the financial year ending 31st December 2014.

The average number of shares outstanding was 925,603,300 in 2014, unchanged from 2013.
At 31st December 2014, Saras SpA held 19,245,774 own shares in relation to the bonus allocation of shares to the management of group companies.

6. Notes to the income statement

Note that the Company transferred the "refining" division to Sarlux Srl during the previous year, on 1st July 2013. The Company's income statement for 2013 therefore only included the results of this activity for the first six months of the year, which means that the 2013 comparative figures are not uniformly comparable with the current year.

6.1 Revenues

6.1.1 Revenues from ordinary operations

Sales and services revenues were EUR 9,132,308 thousand compared with EUR 10,112,274 thousand the previous year, a decrease of EUR 979,966 thousand. The change was mainly due to the fall in oil product prices over the period.

In 2014, the Sarroch refinery processed 12.43 million tons (90.7 million barrels, or 249,000 barrels per day), a fall of 4% compared with the previous year. This is due to differences in the maintenance programmes carried out during the two years under comparison, as well as economic decisions that led to a reduction in processing in the first half of 2014. The mix of crudes processed by the refinery in 2014 has an average density of 32.0°API, broadly in line with the mix processed in 2013. However, an analysis of the various grades of crudes used reveals a marked 11% reduction in the processing of light extra sweet crudes compared with an 8% increase in the processing of heavy crudes and "straight run" residues. This change in the processing mix was chiefly due to the unavailability of Libyan crude oil for a number of prolonged periods during 2014, major maintenance work carried out in 2014, and economic and commercial decisions. Analysing the yields of finished products, it can be seen that middle distillates produced a very high yield (54.1%); this was even higher than the already considerable 53.6% obtained in 2013. However, the yield on light distillates fell slightly (26.8% compared with 27.4% in 2013) as a result of the five-yearly shutdown of the catalytic cracking plant (FCC) in September and October 2014. Lastly, tar yields increased by 9.2% as a result of the heavier processing mix. LPG yields, however, which had been particularly high in 2013 (2.1%), decreased by 1.2% during the year due to the maintenance carried out on the alkalisation (alky) unit. Overall, total yields of high value-added products, i.e. middle distillates, light distillates and liquified petroleum gas (LPG) came to 82.0% in 2014, an outstanding level in the European competitive environment. Turning to an analysis of the "refining" division's productivity, Saras traditionally uses as a benchmark the refining margin calculated by Energy Market Consultants (EMC) for a coastal refinery of average complexity, located in the Mediterranean basin, which processes an output of 50% Brent crude and 50% Urals crude. The EMC benchmark was negative for a continuous period of over a year, from the second quarter of 2013 to the second quarter of 2014, hitting a historic low in the fourth quarter of 2013 (with an average of -2.6 $/bl). This was due to the unfavourable macroeconomic environment, which continued to depress consumption of oil products, while geopolitical turmoil kept crude prices at excessively high levels. Subsequently, the EMC margin recorded a gradual recovery during 2014, with an average of - 1.9 $/ bl in the first quarter, - 1.5 $/bl in the second quarter, +0.3 $/bl in the third quarter and +0.9 $/ bl in the fourth quarter.
Revenues from ordinary operations are broken down by geographical area in section 4 above.

In accordance with IFRS 8, the Company has specified that the Eni Group accounted for 12% of its revenues.

6.1.2 Other income

The following table shows a breakdown of other revenues:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Revenues for storage of mandatory stocks	8,989	8,435	554	14,399
Chartering of tankers	5,707	1,115	4,592	1,115
Sale of sundry materials	2,872	2,814	58	2,814
Other	42,246	76,247	(34,001)	102,731
Total	**59,814**	**88,611**	**(28,797)**	**121,059**

The item 'Other' essentially comprises charges to Sarlux Srl for services provided under contracts that expire in 2020 (employees and services for EUR 25,455 thousand).
The change on the previous year was chiefly due to grants from the Ministry for Economic Development that were booked in 2013.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, spare parts and consumables

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Purchase of raw materials	7,518,876	8,402,884	(800,906)	8,402,884
Purchase of semifinished products	222,079	117,569	104,510	117,569
Purchases of spare parts and consumables	189	26,793	(26,604)	26,790
Purchase of finished products	1,211,137	1,288,223	(160,188)	1,266,848
Other purchases	8	92	(84)	89
Change in inventories	230,261	(33,498)	263,759	(28,705)
Total	**9,182,550**	**9,802,063**	**(619,513)**	**9,785,475**

Costs for the purchase of raw materials, spare parts and consumables decreased by EUR 619,513 thousand compared with the previous year, mainly due to the above-mentioned changes in oil and oil product prices.

6.2.2 Services and sundry costs

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Service costs	398,879	381,860	17,019	375,108
Rent, leasing and similar costs	4,340	5,952	(1,612)	5,848
Provisions for risks and charges	2,001	0	2,001	0
Other operating charges	5,400	4,256	1,144	6,475
Total	**410,620**	**392,068**	**18,552**	**387,431**

Service costs mainly comprise maintenance, rentals, freight, electricity, steam, hydrogen and other utilities. The decrease of EUR 17,806 thousand compared with the previous year was mainly due to the fall in rentals, transport and electricity costs.

'Rent, leasing and similar costs' item includes EUR 4,340 thousand in costs relating to the rental of the building that houses the registered office of the Parent Company Saras SpA. The cost has been reported on a straight line basis in accordance with IAS 17 – Leasing, IAS 1, IAS 8 and SIC Interpretation 15, for the eight-year duration of the contract, which expires on 30th September 2015. Minimum future payments under the terms of the contract are EUR 1,725 thousand for the following year. The annual rental payments are pegged to the ISTAT consumer price index for the families of manual workers and employees; the contract will be renewed for a further eight-year period at the expiry date, and at every subsequent expiry date, unless cancelled with at least 12 months' notice prior to the expiry date. The Company did not make use of this option.

The item 'Other operating charges' mainly comprises membership fees, non-income taxes and windfall losses.

6.2.3 Personnel costs

Note that personnel costs for 2013 (both pro forma and official) only include refining costs for the first six months, as this business was transferred to Sarlux Srl on 1st July 2013.

'Personnel costs' breaks down as follows:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Wages and salaries	21,355	42,097	(20,742)	41,549
Social security	5,519	12,617	(7,098)	12,448
Employee end-of-service payments	1,381	3,440	(2,059)	3,398
Other costs	797	2,036	(1,239)	2,023
Directors' remuneration	3,560	3,609	(49)	3,539
Total	**32,612**	**63,799**	**(31,187)**	**62,957**

On 24th April 2013, the Shareholders' Meeting approved the 'Plan to grant free company shares to Saras Group management' (the '2013-2015 Stock Grant Plan' or the 'Plan'), assigning the Board of Directors all powers necessary and appropriate to implement the Plan.
Beneficiaries of the Plan are:

- Managers with strategic responsibilities within the Company;
- Directors of Italian and/or foreign companies controlled by the Company
- Other senior managers in the Group, including those with an independent employment contract

Each beneficiary is entitled to receive free shares upon achieving performance objectives determined in relation to the performance of Saras' Total Shareholder Return (TSR) compared to the TSR of a group of industrial companies forming a part of the FTSE Italia Mid Cap Index (the 'Peer Group'). TSR is calculated as the change in the value of Saras shares and the shares of Peer Groups during the three-year period 2013-2015; the change will be calculated using as a reference the initial value (average value of shares recorded on the Milan Stock Exchange from 1st October 2012 to 31st December 2012) and the final value (average value of shares recorded on the Milan Stock Exchange from 1st October 2015 to 31st December 2015).
The maximum number of shares covered by the Plan is 9,500,000. Shares are to be delivered within six months of the end of the Plan, and the beneficiary undertakes not to sell, transfer, dispose of or subject to any restriction a number of shares equivalent to 20% of the shares for a period of 24 months from the delivery date.
On 8th August 2013, the Board of Directors set the maximum number of shares to be assigned to individual beneficiaries, with a cost of EUR 1,529 thousand in these financial statements.
'Salaries and wages' and 'Social security' include liabilities relating to the headcount reduction procedure pursuant to article 24 of Law 223/91 as subsequently amended. This has affected both Saras SpA and Sarlux Srl for a total of 63 employees. In the final trade union agreement, the only criteria for inclusion in a redundancy programme are a willingness not to oppose the termination (known as "voluntary redundancy"), seniority in terms of age and/or number of contributory years (proximity to meeting the conditions for a retirement pension) and the Company's technical, organisational and production requirements. The programme involved nine of the Company's employees.

6.2.4 Depreciation, amortisation and write-downs

As previously stated, the 2013 values only include depreciation, amortisation and write-downs relating to refining activities for the first half of the year.
Depreciation and amortisation figures are shown below.

	31/12/2014	31/12/2013 pro forma	Variazione	31/12/2013
Amortisation of intangible assets	654	808	(154)	747
Depreciation of tangible assets	3,298	51,672	(48,374)	51,667
Total	**3,952**	**52,480**	**(48,528)**	**52,414**

6.3 Net income (charges) from equity interests

This item is shown in detail in the table below.

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Revaluations:				
- Sartec-Saras Ricerche e Tecnologie S.p.A.	8,760	1,574	7,186	1,574
	8,760	1,574	7,186	1,574
Write-downs:				
- Deposito di Arcola S.r.l.		(2,500)	2,500	(2,500)
- Ensar S.r.l.		(1,435)	1,435	(1,435)
Total	**8,760**	**(2,361)**	**11,121**	**(2,361)**

For further details, see 5.2.3.1.

6.4 Financial income and charges

A breakdown of financial income and charges is shown below.

	2014	2013 pro forma	Change	2013
Financial income:				
- from current financial assets	0	0	0	0
Other sundry financial income				
- from subsidiaries	3,187	3,198	(11)	3,198
- fnterest on current accounts held with banks and post offices	384	615	(231)	614
- fair value of derivative instruments at the end of the year	210,786	14,873	195,913	14,873
- realised gains on derivatives	138,364	85,581	52,783	85,581
- Other income	358	385	(27)	443
Exchange gains	56,362	112,861	(56,499)	112,861
Total financial income	**409,441**	**217,513**	**191,928**	**217,570**
Financial charges:				
- To subsidiaries	(859)	(3,770)	2,911	(6,507)
- Fair value on derivative instruments at the end of the year	(169,751)	(18,914)	(150,837)	(18,914)
- Realised loss on derivatives	(60,090)	(107,661)	47,571	(107,661)
- Other (interest on loans, late payment interest, etc,)	(36,698)	(24,649)	(12,049)	(21,855)
Exchange losses	(113,137)	(83,984)	(29,153)	(83,984)
Total financial charges	**(380,535)**	**(238,978)**	**(141,557)**	**(238,921)**
Total	**28,906**	**(21,465)**	**50,371**	**(21,351)**

The summary table below provides an analysis of the main changes during the year:

	2014	2013 pro forma	Change	2013
Net interest income/(expense)	(33,986)	(24,606)	(9,380)	(24,550)
Net result from derivative financial instruments	119,309	(26,121)	145,430	(26,121)
- *Realised* gains/(losses)	*78,274*	*(22,080)*	*100,354*	*(22,080)*
- Fair value of open positions	*41,035*	*(4,041)*	*45,076*	*(4,041)*
Net exchange gains/(losses)	(56,775)	28,877	(85,652)	28,877
Other	358	385	(27)	443
Total	**28,906**	**(21,465)**	**50,371**	**(21,351)**

As shown in the table, the main changes relate to exchange differences, in part offset by net gains/losses on derivatives. The financial derivatives in question relate to hedging transactions to which hedge accounting is not applied.

6.5 Income tax

Income tax can be shown as follows:

	31/12/2014	31/12/2013 pro forma	Change	31/12/2013
Current taxes		1,364	(1,364)	0
Effect of Group tax consolidation	(3,515)	(7,033)	3,518	(10,267)
Deferred tax (assets) / liabilities, net	(67,558)	(11,092)	(56,466)	(11,793)
Total	**(71,073)**	**(16,761)**	**(54,312)**	**(22,060)**

The item 'Effect of Group tax consolidation' comprises the benefit deriving from the tax loss, calculated using a rate of 27.5%, which is offset under the national tax consolidation scheme.

Deferred tax assets/liabilities relate to changes during the year in the temporary differences between the values recorded in the accounts and those recognised for tax purposes. The most significant changes arise from the recognition of tax assets on the relevant part of the net loss for the year under the national tax consolidation scheme.

This was offset by the elimination of the net tax asset of EUR 40,218 thousand relating to additional IRES (Robin Hood tax) recorded at 31st December 2013 after the tax was declared to be unconstitutional, as explained in detail in section 5.2.4.

Temporary differences in the Income Statement:	**TAX 2014**		**TAX 2013**	
(Dati in migliaia di Euro)	**Deferred tax assets/ (liabilities)**	**Effect of tax rate changes/ Tax abolition**	**Deferred tax assets/ (liabilities)**	**Effect o tax rate changes**
Provisions for risk and charges	(94)	(367)	(1,336)	
Measurement of closing inventories at FIFO for tax purposes	17,837	(159)	145	(74)
Adjustments for scheduled plant and equipment maintenance	0		235	0
Reclassification of grants previously carried as equity	0		(22)	0
Cost of dismantling and removing tangible assets	0		14	0
Excess maintenance costs	235		(123)	0
Employee benefits and bonuses	103	(16)	(1,666)	65
Unrealised exchange differences	7,436		(672)	(45)
Tax asset relating to IRES consolidated net loss	82,324		27,947	
Tax assets on tax loss (IRES surcharge)		(38,370)	7,626	(19,707)
Other temporary differences	(65)	(1,306)	6	(555)
TOTAL	**107,776**	**(40,218)**	**32,154**	**(20,316)**

Differences between the theoretical and effective IRES and IRAP tax rates for the two periods under review are reported below (figures in EUR million).

IRES	**2014**	**2013**
PROFIT/(LOSS) BEFORE TAXES [A]	**(399.9)**	**(146.1)**
THEORETICAL CORPORATION TAX IRES [A*27.5% in 2014; A*34% in 2013] [B]	**(110.0)**	**(49.7)**
THEORETICAL TAX RATE [B/A*100] %	**27.5%**	**34.0%**
EFFECTIVE INCOME TAXES [C]	**(71.1)**	**(22.1)**
EFFECTIVE TAX RATE [C/A*100] %	**17.8%**	**15.1%**

	31/12/2014		31/12/2013	
	TAX	TAX RATE	TAX	TAX RATE
Theoretical taxes	**(110.0)**	**27.5%**	**(49.7)**	**34.0%**
Equity investments valuations	(1.9)	0.48%	0.8	-0.55%
Effect of decrease 4% in IRES surcharge on deferred tax (art. 7 D.L. 138/11)	0.0	0.00%	20.2	-13.83%
Abolition of IRES surcharge effect on tax asset related to previous year losses (Constitutional Court ruling of 2015)	38.4	-9.60%	0.0	0.00%
Abolition of IRES surcharge (effect on deferred taxation) (Constitutional Court ruling of 2015)	1.8	-0.45%	0.0	0.00%
Effect of IRAP deduction on IRES (art. 2 D.L.201/2011)	0.0	0.00%	0.0	0.00%
Effect of non-deduction of financial charges due to art. 96 TUIR (on IRES surcharge)	0.0	0.00%	1.6	-1.10%
Taxes of previous years	0.0	0.00%	2.4	-1.64%
Other permanent differences	0.6	-0.15%	2.6	-1.78%
Effective taxes	**(71.1)**	**17.8%**	**(22.1)**	**15.1%**

With reference to 2013, the theoretical tax rate was assumed without considering the additional 6.5% (Robin Hood tax) given that the taxable base in the period was negative and will be eliminated in future years.

IRAP	2014	2013
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	(437.6)	(122.4)
TOTAL PERSONNEL COSTS	32.6	62.9
ADJUSTED DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)	(405.0)	(59.5)
THEORETICAL INCOME TAX IRAP [A*1.17% in 2014; A*3.9% in 2013] [B]	(4.7)	(2.3)
THEORETICAL TAX RATE [B/A*100] %	1.17%	3.9%
EFFECTIVE INCOME TAXES [C]	0.0	0.0
EFFECTIVE TAX RATE [C/A*100] %	0.0%	0.0%

	2014		2013	
	IMPOSTA	TAX RATE	IMPOSTA	TAX RATE
Theoretical taxes	**(4.7)**	**1.17%**	**(2.3)**	**3.9%**
IRAP tax assets not recognizable	4.7	-1.17%	2.3	-3.90%
Effective taxes	**(0.0)**	**0.0%**	**(0.0)**	**0.0%**

7. Additional disclosures

For information on events that took place after the end of the period, please see the relevant section in the Report on Operations.

7.1 Main legal actions pending

The Company was subject to tax inspections and assessments by the tax authorities that led, in some cases, to disputes pending before tax courts.
Although the decisions made by the tax courts were not consistent, the Company assumes that any liability is likely to be remote. See note 5.2.2 for information about the legal proceedings relating to the Eleonora project.
Please refer to the Report on Operations of the consolidated financial statements for details on fatal accidents that occurred between 2009 and 2011.

7.2 Transactions with related parties

The transactions carried out by Saras with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. For information on guarantees given to and received from related parties, see section 7.6 'Commitments' below.

The figures for trading, miscellaneous and financial transactions with related parties are set out below, and information is provided on the largest transactions.

The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below:

Table showing details of transactions with related parties

Description	Absolute value (EUR/000) and % of item in statements 31/12/2014		31/12/2013		Item	Business reason
SARLUX Srl						
Supply of goods	211,522	2.32%	220,023	2.19%	Revenues from ordinary operations	Supply of raw material as per agreement
Services rendered	25,857	43.23%	23,767	19.63%	Other income	Outsourcing of services as per agreement
Purchases of goods	(17,723)	0.19%	(2,056)	0.02%	Purchases of raw materials, spare parts and consumables	Supply of sulphur as per agreement
Utilities	0	0.00%	(32,397)	8.36%	Cost of services and sundry costs	Supply of steam, hydrogen and oxygen as per agreement
Processing fee	(241,522)	58.82%	(93,180)	24.05%	Cost of services and sundry costs	Processing fee
Services received	(495)	0.12%	(219)	0.06%	Cost of services and sundry costs	Provision of various services
Financial charges	0	0.00%	(2,272)	0.94%	Financial charges	Interest on intercompany loans
Financial income	855	0.20%	0	0.00%	Financial income	Interest on intercompany loans
Receivables for goods & services supplied	36,219	9.08%	29,676	6.42%	Current trade receivables	Trade receivables
Payables for goods & services supplied	(43,247)	2.84%	(34,893)	2.54%	Trade and other current payables	Trade payables
Payables for goods & services supplied	(13,170)	100.00%	(16,268)	99.74%	Other non current liabilities	Trade payables
IRES/VAT payables from tax consolidation	(45,706)	108.43%	(13,024)	9.37%	Short term financial liabilities	IRES/VAT payables from tax consolidation
Loan	51,124	60.63%	0	0.00%	Other current assets	Intercompany loans
Loan	0	0.00%	(25,625)	18.44%	Short term financial liabilities	Intercompany loans
ARCOLA PETROLIFERA SpA						
Supply of goods	0	0.00%	1,685,681	16.78%	Revenues from ordinary operations	Supply of oil products
Services rendered by staff	0	0.00%	186	0.15%	Other income	Staff on secondment
Services rendered	0	0.00%	32,231	26.62%	Other income	Charges on oil goods movements and outsuorcing of services
Financial income	0	0.00%	0	0.00%	Financial income	Interest on intercompany line of credit
Purchases of goods	0	0.00%	(65)	0.00%	Purchases of raw materials, spare parts and consumables	Purchase of oil products
Services received	0	0.00%	(151)	0.04%	Cost of services and sundry costs	Charges on sales
Financial charges	0	0.00%	(2,737)	1.14%	Financial charges	Interest on intercompany line of credit
Receivables for goods & services supplied	0	0.00%	180,735	39.10%	Current trade receivables	Trade receivables
IRES/VAT receivables from tax consolidation	0	0.00%	25,643	44.45%	Other current assets	IRES/VAT receivables from tax consolidation
Loan	0	0.00%	(69)	0.05%	Short term financial liabilities	Intercompany loans
Payables for goods & services supply	0	0.00%	(1,512)	0.11%	Trade and other current payables	Trade payables
SARAS RICERCHE E TECNOLOGIE SpA						
Services rendered by staff	393	0.66%	295	0.24%	Other income	Staff on secondment
Services rendered	880	1.47%	209	0.17%	Other income	Outsourcing of services
Measurement of equity investments	8,760	100.00%	1,575	-66.71%	Net income (charges) on equity investments	Revaluation of equity investments
Financial income	24	0.01%	58	0.03%	Financial income	Interest on intercomany line of credit
Purchases of goods	0	0.00%	(11)	0.00%	Purchases of raw materials, spare parts and consumables	Supply of consumables
Services received	(148)	0.04%	(3,275)	0.85%	Cost of services and sundry costs	Outsourcing of engeneering services
Receivables for goods & services supplied	1,323	0.33%	561	0.12%	Current trade reveivables	Trade receivables
Financing	2,524	2.99%	415	0.72%	Other current assets	Intercompany credit lines
IRES/VAT receivables from tax consolidation	0	0.00%	412	0.71%	Other current assets	IRES/VAT receivables from tax consolidation
IRES/VAT payables from tax consolidation	(373)	0.88%	0	0.00%	Short term financial liabilities	IRES/VAT payables from tax consolidation
Payables for goods & services supplied	(100)	0.01%	(53)	0.00%	Trade and other current payables	Trade payables
ENSAR Srl						
Services rendered	0	0.00%	13	0.01%	Other income	Outsourcing of services
Measurement of equity investment	0	0.00%	(1,436)	60.82%	Net income (charges) on equity investments	Write-downs on equity investment
Financial income	0	0.00%	143	0.07%	Financial income	Interest on intercompany line of credit
Receivables for goods & services supplied	0	0.00%	43	0.01%	Current trade receivables	Trade receivables
Financing	0	0.00%	4,900	8.49%	Other current assets	Intercompany line of credit
Payables for goods & services supplied	0		0		Trade and other current payables	Trade payables
IRES/VAT payables from tax consolidation	0	0.00%	(101)	0.41%	Short term financial liabilities	IRES/VAT payables from tax consolidation

Table showing details of transactions with related parties

Description	Absolute value (EUR/000) and % of item in statements				Item	Business reason
	31/12/2014		31/12/2013			
SARDEOLICA Srl						
Services rendered	453	0.76%	42	0.03%	Other income	Outsourcing of services
Financial charges	(634)	0.16%	(497)	0.21%	Financial charges	Interest on intercompany line of credit
Receivables for goods & services supplied	393	0.10%	43	0.01%	Current trade receivables	Trade receivables
IRES/VAT receivables from tax consolidation	0	0.00%	2,878	4.99%	Other current assets	IRES/VAT receivables from tax consolidation
Payables for goods & services supplied	(326)	0.02%	(153)	0.01%	Trade and other current payables	Trade payables
Loan	(6,006)	14.25%	(5,006)	3.60%	Short-term financial liabilities	Intercompany loans
IRES/VAT payables from tax consolidation	(1,191)	2.83%	0	0.00%	Short-term financial liabilities	IRES/VAT receivables from tax consolidation
PARCHI EOLICI ULASSAI Srl						
Services rendered	36	0.06%	6	0.00%	Other income	Outsourcing of services
Financial income	111	0.03%	0	0.00%	Financial income	Interest on intercompany loans
Receivables for goods & services supplied	119	0.03%	7	0.00%	Current trade receivables	Trade receivables
Loan	5,041	5.98%	0	0.00%	Other current assets	Intercompany loans
IRES/VAT receivables from tax consolidation	110	0.13%	0	0.00%	Other current assets	IRES/VAT receivables from tax consolidation
IRES/VAT payables from tax consolidation	0	0.00%	(30)	0.02%	Short-term financial liabilities	IRES/VAT payables from tax consolidation
DEPOSITO DI ARCOLA Srl						
Services rendered	271	0.45%	88	0.07%	Other income	Outsourcing of services
Financial income	24	0.01%	41	0.02%	Other net financial income (charges)	Interest on intercompany loans
Services rendered	(1,855)	0.45%	(1,826)	0.47%	Cost of services and sundry costs	Outsourcing of services
Measurement of equity investments	0	0.00%	(2,500)	105.89%	Net income (charges) on equity investments	Write-down on equity investments
Receivables for goods & services supplied	258	0.06%	20	0.00%	Current trade receivables	Trade receivables
Loan	1,711	2.03%	463	0.80%	Other current assets	Intercompany loans
Payables for goods & services supplied	(360)	0.00%	(468)	0.03%	Trade and other current payables	Trade receivables
IRES/VAT receivables from tax consolidation	32	0.04%	0	0.00%	Other current assets	IRES/VAT receivablesbles from tax consolidation
IRES/VAT payables from tax consolidation	0	0.00%	(565)	2.29%	Short term financial liabilities	IRES/VAT payables from tax consolidation
SARGAS Srl						
IRES/VAT receivables from tax consolidation	0	0.00%	(2)	0.00%	Short term financial liabilities	IRES/VAT payables from tax consolidation
IMMOBILIARE ELLECI SpA						
Rent	(9)	0.00%	(12)	0.00%	Cost of services and sundry costs	Rental buildings
SECURFIN HOLDINGS SpA						
Services rendered by staff	2	0.00%	23	0.02%	Other income	Staff on secondment
Rent	(539)	0.13%	(589)	0.15%	Cost of services and sundry costs	Rental of building and parking spaces in Milan
Receivables for goods & services supplied	2	0.00%	23	0.00%	Current trade receivables	Trade receivables
F.C. INTERNAZIONALE SpA						
Services received	(28)	0.00%	(1)	0.00%	Cost of services and sundry costs	Purchase of entrance tickets for sports matches
ANGELO MORATTI SApA						
Services rendered by staff	0	0.00%	29	0.02%	Other income	Staff on secondment
Receivables for goods & services supplied	0	0.00%	29	0.01%	Current trade receivables	Trade receivables
GIAN MARCO MORATTI SApA						
Services rendered by staff	42	0.07%	8	0.01%	Other income	Staff on secondment
Receivables for goods & services supplied	30	0.01%	4	0.00%	Current trade receivables	Trade receivables

Table showing details of transactions with related parties

Description	Absolute value (EUR/000) and % of item in statements				Item	Business reason
	31/12/2014		31/12/2013			
MASSIMO MORATTI SApA						
Services rendered by staff	42	0.07%	8	0.01%	Other income	Staff on secondment
Receivables for goods & services supplied	30	0.01%	4	0.00%	Current trade receivables	Trade receivables
MANTA Srl						
Services rendered by staff	50	0.08%	48	0.04%	Other income	Staff on secondment
Services rendered	(747)	0.18%	(498)	0.13%	Costs of services and sundry costs	Security services
Receivables for goods and services supplied	50	0.01%	48	0.01%	Current trade receivables	Trade receivables
Payables for supply of goods and services	(116)	0.01%	(251)	0.02%	Trade payables and other current payables	Trade payables
DE SANTIS Srl						
Services rendered	(1)	0.00%	(2)	0.00%	Cost of services and sundry costs	Catering services
SARAS ENERGIA SA (Spain)						
Supply of goods	245,445	2.69%	324,641	3.23%	Revenues from ordinary operations	Supply of oil products
Services rendered by staff	134	0.22%	124	0.10%	Other income	Staff on secondment
Services rendered	288	0.48%	54	0.04%	Other income	Payment for stocking of mandatory supplies and demurrage
Financing income	2,278	0.55%	9,449	4.30%	Financial income	Intercompany financing
Purchases of goods	(28,703)	0.31%	(92,113)	0.94%	Purchases of raw materials, spare parts and consumables	Repayment of operational loans on Sarroch
Services received	0	0.00%	(29)	0.01%	Cost of services and sundry costs	Charges on sales and marketing research
Financial charges	(854)	0.22%	(2,911)	1.21%	Financial charges	Interest on intercompany line of credit
Receivables for goods & services supplied	16,893	4.23%	26,413	5.71%	Current trade receivables	Supply of oil products
Financing	0	0.00%	0	0.00%	Other current assets	Intercompany financing
Financing	63,000	112.69%	70,000	92.93%	Other financial assets	Intercompany financing
Payables for goods & services supplied	(585)	0.04%	(15,758)	1.14%	Trade payables and other current payables	Trade payables
SARINT SA (Luxembourg)						
Loan	(14,530)	2.44%	(14,530)	10.46%	Short-term financial liabilities	Intercompany loans
REASAR SA (Luxembourg)						
Financial charges	(225)	0.06%	(223)	0.09%	Financial charges	Interest on intercompany loans
Payables for goods & services supplied	(53)	0.00%	(57)	0.00%	Trade and other current payables	Trade payables
Loan	(10,470)	1.76%	(10,470)	7.54%	Short-term financial liabilities	Intercompany loans

During 2014, transactions were carried out with the shareholder Rosneft JV Projects SA or with its related parties for acquisitions totalling EUR 61,572 thousand, or 0.67%.

With regard to the above-mentioned transactions, the agreements governing sales of oil and oil products are in line with market practice; where a market price is not available the price is established using market prices for similar materials or products. Where services are provided, the prices are aligned as far as possible with market conditions; expenses passed on in relation to seconded personnel are charged at cost, and interest on loans is charged at market rates.

Note that with the exception of the write-down made of the receivable from Deposito di Arcola Srl, no other provisions were made for doubtful receivables at 31st December 2014 and no impairment losses were recorded during the year.

Related parties include both the directors and members of the Board of Statutory Auditors, whose remuneration is shown in 7.5.1 'Remuneration paid to directors and statutory auditors, general managers and managers with strategic responsibilities'.

The effects on the statement of financial position of transactions or positions with related parties are summarised in the table below:

	31/12/2014			31/12/2013		
	Total	Related Parties	%	Total	Related Parties	%
Trade receivables	398,893	55,317	13.9%	462,196	237,606	51.4%
Other current assets	84,322	60,542	71.8%	57,688	34,711	60.2%
Other financial income	55,904	63,000	112.7%	75,322	70,000	92.9%
Short-term financial liabilities	595,707	78,276	13.1%	138,942	69,422	50.0%
Trade and other current payables	1,523,501	44,787	2.9%	1,376,337	53,145	3.9%
Other non-current liabilities	13,170	13,170	100.0%	16,310	16,268	99.7%

The effects on the income statement of transactions or positions with related parties are summarised in the table below:

	31/12/2014			31/12/2013		
	Total	Related Parties	%	Total	Related Parties	%
Revenues from ordinary operations	9,132,308	456,967	5.0%	10,044,833	2,230,345	22.2%
Other income	59,814	28,448	47.6%	121,059	57,131	47.2%
"Purchases of raw materials spare parts and consumables"	9,182,550	46,426	0.5%	9,785,475	94,245	1.0%
Cost of services and sundry costs	410,620	245,345	59.7%	387,431	132,179	34.1%
Net income / (charges) from equity interests	8,760	8,760	100.0%	(2,361)	(2,361)	100.0%
Financial income	417,243	3,292	0.8%	219,759	9,691	4.4%
Financial charges	388,337	1,713	0.4%	241,110	8,640	3.6%

The main cash flows with related parties are shown in the table below.

Cash flows with related parties	**2014**	**2013**
Net (income) / charges from equity interests	8,760	2,361
Dividends from subsidiaries	0	0
(Increase) / Decrease in trade receivables	182,289	65,499
Increase / (Decrease) in trade and other payables	(8,358)	(16,485)
Changes in other current assets	25,831	17,671
Changes in other non current liabilities	(3,098)	(13,824)
Interest received	3,268	9,691
Interest paid	1,713	8,640
Cash flows from / (used in) operating activities	**210,405**	**73,553**
Dividends	0	0
Cash flows from / (used in) investing activities	**0**	**0**
Increase / (Decrease) in short-term financial borrowings	8,854	(308,028)
Cash flows from / (used in) financing activities	**8,854**	**(308,028)**
Total cash flows with related parties	**219,259**	**(234,475)**

The effects of cash flows with related parties are shown in the table below:

Cash Flows	31/12/2014			31/12/2013		
	Total	Related Parties	%	Total	Related Parties	%
Cash flows from / (used in) operating activities	25,851	210,405	813.9%	238,062	73,553	30.9%
Cash flows from / (used in) investing activities	(57,772)	0	n.d.	(23,164)	0	n.d.
Cash flows from / (used in) financing activities	124,828	8,854	7.1%	(175,426)	(308,028)	175.6%

7.3 Disclosures pursuant to International Financial Reporting Standards 7 and 13 – Financial instruments: disclosures

The information to be disclosed on financial instruments in financial statements and interim reports, to the extent that it is applicable to Saras SpA, is mainly set out in IFRS 7 and 13.
IFRS 7 - Financial instruments: Disclosures requires entities to provide supplementary disclosures in financial statements that make it possible to evaluate:

a) The value of financial instruments reported in the financial statements;
b) The nature and extent of the risks deriving from financial instruments to which the Company is exposed during the year and at the reporting date, and the way in which they are managed.

IFRS 13 – Fair Value Measurement, which is applicable from 1st January 2013, requires supplementary disclosures on fair value, some of which are also required for interim reports. In general, the standard clarifies how fair value should be calculated for the purposes of financial statements, and it applies to all IFRS standards that require or permit fair value measurement or the presentation of information based on fair value.
Note that the information for 2013 provided in this section has not been restated as pro forma figures for materiality reasons, except for the information reported in section 7.3.4.1. - Credit risk.

Fair value hierarchy

Points a) and b) of paragraph 93 of the standard in question require the disclosure of the amounts of assets and liabilities measured at fair value, broken down by fair value hierarchy. To this end, IFRS 13 defines a precise three-tier fair value hierarchy. The criterion used concerns the actual degree to which inputs used for the estimate can be observed. As such, the hierarchy establishes the various levels of reliability of fair value, depending on whether it is based on:

(a) (Unadjusted) prices recorded on an active market – as defined by IAS 39 – for the assets and liabilities being valued (level 1);
(b) Valuation techniques that use inputs other than listed prices, as indicated in the point above, as a reference, which can either be observed directly (prices) or indirectly (derived from prices) on the market (level 2);
(c) Valuation techniques that use inputs that are not based on observable market data as a reference (level 3).

Based on the above, the following table shows assets and liabilities measured at fair value by the Company at 31st December 2014:

Assets	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	77,639			14,472			77,639	14,472	92,111
SWAPS	15,964						15,964	0	15,964
OPTIONS	103,195						103,195	0	103,195
Total	**196.798**	**0**	**0**	**14,472**	**0**	**0**	**196.798**	**14,472**	**211,270**

Liabilities	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	(38,379)					(1,572)	(38,379)	(1,572)	(39,951)
SWAPS	(360)						(360)	0	(360)
OPTIONS	(131,012)						(131,012)	0	(131,012)
Total	**(169,751)**	**0**	**0**	**0**	**0**	**(1,572)**	**(169,751)**	**(1,572)**	**(171,323)**

For 2013:

Assets	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	6,435			158			6,436	158	6,593
SWAPS	3,517						3,517	0	3,517
OPTIONS	3,518						3,518	0	3,518
Total	**13,471**	**0**	**0**	**158**	**0**	**0**	**13,471**	**158**	**13,629**

Liabilities	Commodities		Exchange rates		Interest rates		Total		
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2	
FUTURES	(9,759)			(2,627)		(2,510)	(9,759)	(5,137)	(14,896)
SWAPS	(4,298)						(4,298)	0	(4,298)
OPTIONS	(2,230)						(2,230)	0	(2,230)
Total	**(16,287)**	**0**	**0**	**(2,627)**	**0**	**(2,510)**	**(16,287)**	**(5,137)**	**(21,424)**

The criterion used by the Company specifies that financial assets and liabilities measured at fair value should be transferred from one level of the hierarchy to another on the date the circumstances that cause the transfer occur. Pursuant to point c) of paragraph 93, there were no reclassifications between the various levels of the fair value hierarchy during the period.

Valuation techniques

As can be seen from the table in the section above, financial instruments measured at fair value largely consisted of derivatives entered into to hedge exchange rate and interest rate risks and the risks of fluctuations in crude oil and oil product prices.
Specifically, these instruments are measured at fair value as follows:

- for interest and exchange rate derivatives, based on regular official statements received from counterparties (financial intermediaries) with which the instruments were created;
- for commodity-based derivatives, based on account statements on open positions that are periodically received from the clearing broker through which the instruments are agreed.

For all types of derivatives described above, the fair value measurements received from the counterparties for the open positions are verified by comparing them to the Company's fair value measurement of the same positions. These internal measurements are carried out using reference parameters observable on markets (spot and forward interest rates, exchange rates, and crude oil and oil product prices available in active regulated markets).

The measurement does not take into account counterparty risk as the effect of this is not significant given the deposits securing the positions.

Saras SpA has no financial assets or liabilities that are measured at level 3 fair value pursuant to IFRS 13.

With regard to the remaining financial assets and liabilities that are not directly measured at fair value, their carrying value is close to their fair value.

The criteria contained IFRS 7 supplement those set out for the recognition, measurement and disclosure in the financial statements of the financial assets and liabilities listed in IAS 32 (Financial instruments: Disclosure and Presentation) and IAS 39 (Financial instruments: Recognition and Measurement).

The standard applies to all entities and all types of financial instruments, except for shareholdings in subsidiaries, affiliates and joint ventures accounted for in accordance with IAS 27, 28 or 31, employers' rights and obligations arising from employee benefit schemes (IAS 19), contracts relating to business combinations (IFRS 3), insurance contracts (IFRS 4) and financial instruments, contracts and obligations relating to share-based payments (IFRS 2).

7.3.1 Disclosures on the statement of financial position

Paragraphs 8-19 of IFRS 7 require the Company to disclose the carrying value of all financial instruments belonging to the categories set out in IAS 39, as well as detailed information where the Company has opted to recognise financial assets or liabilities at fair value through profit and loss, or where it has reclassified financial assets, or where financial assets have been derecognised. Statement of financial position figures for Saras SpA at 31st December 2014 and 31st December 2013 are shown below, with details of the Company's financial instruments.

31/12/2014	Book Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2014
	Designated at Fair Value	Held for trading						
ASSETS								
Current financial assets	**0**	**211,270**	**0**	**1,026,617**	**0**	**0**	**554,379**	**1,792,266**
Cash and cash equivalents				511,265				511,265
Other financial assets		211,270		109,314				320,584
Derivative instruments (Fair Value and realized)		*211,270*		*37,152*				
Loans to third parties				*1,474*				
Financial receivables from Group companies				*70,688*				
Trade receivables				398,893				398,893
Trade receivables from third parties				*343,406*				
Trade receivables from Group companies				*55,487*				
Inventories							509,017	509,017
Current tax assets							38,873	38,873
Other assets				7,145			6,489	13,634
Other receivables				*7,145*			*6,489*	
Non-current assets	**0**	**0**	**0**	**55,904**	**495**	**0**	**921,141**	**977,540**
Property, plant and equipment							5,793	5,793
Intangible assets							19,436	19,436
Equity interests carried at cost							727,652	727,652
Other equity interests					495			495
Deferred tax assets							168,260	168,260
Other financial assets				55,904				55,904
Loans to subsidiaries				*51,000*				
Other receivables				*4,904*				
Total financial assets	**0**	**211,270**	**0**	**1,082,521**	**495**	**0**	**1,475,520**	**2,769,806**
LIABILITIES								
Current liabilities	**0**	**171,323**	**0**	**0**	**0**	**1,990,038**	**93,187**	**2,254,548**
Short-term financial liabilities		171,323				394,499		565,822
Bonds						*249,723*		
Bank loans						*28,900*		
Overdrafts						*57,309*		
Loans from Group companies						*31,006*		
Derivative instruments		*171,323*						
Other financial liabilities						*27,561*		
Trade and other payables						1,523,501		1,523,501
Current tax liabilities							93,187	93,187
Other liabilities						72,038		72,038
Other payables						*72,038*		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**269,824**	**6,911**	**276,735**
Long-term financial liabilities						256,654		256,654
Bank loans						*82,926*		
Bonds						*173,728*		
Provisions for risks and charges							3,918	3,918
Provisions for employee benefits							2,993	2,993
Other liabilities						13,170		13,170
Total financial liabilities	**0**	**171,323**	**0**	**0**	**0**	**2,259,862**	**100,098**	**2,531,283**

31/12/2013	Book Value of all financial instruments belonging to the categories set out in IAS 39							
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Other	Balance at 31/12/2013
	Designated at Fair Value	Held for trading						
ASSETS								
Current financial assets	**0**	**13,629**	**0**	**764,680**	**0**	**0**	**773,185**	**1,551,494**
Cash and cash equivalents				247,296				247,296
Other financial assets held for trading		13,629						13,629
Derivative instruments		*13,629*						
Trade receivables				462,196				462,196
Trade receivables from third parties				*224,698*				
Bad debt provision				*0*				
Trade receivables from Group companies				*237,498*				
Inventories							732,811	732,811
Current tax assets							37,874	37,874
Other assets				55,188			2,500	57,688
Financial receivables from Group companies				*34,780*				
Deposits to secure derivatives				*10,911*				
White certificates							*0*	
Other receivables				*9,497*			*2,500*	
Non-current assets	**0**	**0**	**0**	**75,322**	**495**	**0**	**856,557**	**932,374**
Property, plant and equipment							8,535	8,535
Intangible assets							19,191	19,191
Equity interests carried at cost							729,449	729,449
Other equity interests					495			495
Deferred tax assets							99,382	99,382
Other financial assets				75,322				75,322
Loans to subsidiaries				*70,000*				
Other receivables				*5,322*				
Total financial assets	**0**	**13,629**	**0**	**840,002**	**495**	**0**	**1,629,742**	**2,483,868**
LIABILITIES								
Current liabilities	**0**	**20,001**	**0**	**0**	**0**	**1,519,417**	**72,203**	**1,611,621**
Short-term financial liabilities		20,001				118,941		138,942
Bank loans						*30,707*		
Overdrafts						*7,939*		
Loans from Group companies						*69,601*		
Derivative instruments		*20,001*						
Other financial liabilities						*10,694*		
Trade and other payables						1,376,337		1,376,337
Current tax liabilities							71,677	71,677
Other liabilities						24,139	526	24,665
Other payables						*24,139*		
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**377,612**	**13,801**	**391,413**
Long-term financial liabilities						361,302		361,302
Bank loans						*112,078*		
Bonds						*249,224*		
Provisions for risks and charges							3,838	3,838
Provisions for employee benefits							9,963	9,963
Other liabilities						16,310		16,310
Total financial liabilities	**0**	**20,001**	**0**	**0**	**0**	**1,897,029**	**86,004**	**2,003,034**

Financial instruments measured at fair value in the income statement comprise derivatives held by the Company, described in section 5.3.1 above. The derivatives contracts relate to commodities, interest rates and foreign exchange, and were entered into to hedge the risks inherent in the business in which it operates, which stem from changes in the price of crude and oil products (futures, options and swaps), and to hedge interest rate risk on loans and foreign exchange risk on open currency positions;

All trade receivables and most other current and non-current receivables are classified as 'Loans' since they consist of non-derivative financial assets with fixed or determinable payments that are not listed on any active market. The value reported on the statement of financial position is close to the fair value.

Other financial liabilities measured at amortised cost include all the Company's financial liabilities and trade payables arising from the Company's contractual obligations to deliver cash or other financial assets to another entity.
No financial assets measured at amortised cost were restated at fair value or vice versa; nor were any financial assets transferred and derecognised, with the exception of trade receivables sold on a 'without recourse' basis. An analysis of the contractual terms and conditions confirmed that the receivables in question could be derecognised.

All financial assets are booked on the trade date.

During the year, the Company met all its obligations with respect to the scheduled repayment of loans in place at the end of the period.

7.3.2 Disclosures on the statement of comprehensive income

Paragraph 20 of IFRS 7 requires companies to disclose the amount of net gains or losses generated by financial assets and liabilities, broken down according to the various income statement items. This information may be provided in either the financial statements or the notes to the accounts: to avoid overloading the financial statements with information, the Company has opted for the second alternative, as advised in the Appendix to the accounting standard itself. The following tables therefore show details of income statement items for the current year and the previous year:

2014	Net profits or losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	2014
	Designated at fair value	Held for trading							
Revenues from ordinary operations								9,132,308	9.132,308
Other Income								59,814	59,814
Total Revenues							**0**	**9,192,122**	**9,192,122**
Purchases of raw materials, spare parts and consumables								(9,182,550)	(9,182,550)
Cost of services and sundry costs								(410,620)	(410,620)
Personnel costs								(32,612)	(32,612)
Depreciation, amortisation and write-downs								(3,952)	(3,952)
Total costs							**0**	**(9,629,734)**	**(9,629,734)**
Operating Result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(437,612)**	**(437,612)**
Net income (charges) from equity interests								8,760	8,760
Other net financial income (charges)							28,906		28,906
from securities held for trading									
- of which:									
Realized gains (losses)									
Change in fair value									
from current account interest				*384*			*384*		
from loans granted to Group companies				*3,187*			*3,187*		
from derivative instruments		*119,309*					*119,309*		
- of which:									
Realized gains (losses)		*78,274*							
Change in fair value		*41,035*							
from other financial assets				*358*			*358*		
from interest on loans from banks						*(36,698)*	*(36,698)*		*0*
from interest on loans from Group companies						*(859)*	*(859)*		
from other receivables/payables				*(56,775)*			*(56,775)*		
Profit/(loss) before taxes	**0**	**119,309**	**0**	**(52,846)**	**0**	**(37,557)**	**28,906**	**(428,852)**	**(399,946)**
Income tax									(71,073)
Net profit/(loss)									**(471,019)**

2013	Net profits or losses, interest income and expense, revenues and expenses generated by:								
	Financial instruments recognised at fair value through profit or loss		Investments held to maturity	Loans and receivables	Financial assets available for sale	Other liabilities recognised at amortised cost	Total from financial instruments	Other	2013
	Designated at fair value	Held for trading							
Revenues from ordinary operations								10.044.833	10.044.833
Other Income								121.059	121.059
Total Revenues							**0**	**10,165,892**	**10,165,892**
Purchases of raw materials, spare parts and consumables								(9,785,475)	(9,785,475)
Cost of services and sundry costs								(387,431)	(387,431)
Personnel costs								(62,957)	(62,957)
Depreciation, amortisation and write-downs								(52,414)	(52,414)
Total costs							**0**	**(10,288,277)**	**(10,288,277)**
Operating Result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(122,385)**	**(122,385)**
Net income (charges) from equity interests								(2,361)	(2,361)
Other net financial income (charges)							(21,351)		(21,351)
from securities held for trading									
- of which:									
Realized gains (losses)									
Change in fair value									
from current account interest				*614*			*614*		
from loans granted to Group companies				*3,198*			*3,198*		
from derivative instruments		*(26,121)*					*(26,121)*		
- of which:									
Realized gains (losses)		*(22,080)*							
Change in fair value		*(4,041)*							
from other financial assets				*443*			*443*		
from interest on loans from banks						*(21,795)*	*(21,795)*		*0*
from interest on loans from Group companies						*(6,507)*	*(6,507)*		
from other receivables/payables				*28,817*			*28,817*		
Profit/(loss) before taxes	**0**	**(26,121)**	**0**	**33,072**	**0**	**(28,302)**	**(21,351)**	**(124,746)**	**(146,097)**
Income tax									22,060
Net profit/(loss)									**(124,037)**

Financial instruments recognised at fair value through profit and loss generated net gains of EUR 119,309 thousand (versus net losses of EUR 26,121 thousand the previous year), mainly due to changes in the fair value of derivatives.

Financial instruments classified as 'Loans' generated income of EUR 45,044 thousand (versus EUR 33,072 thousand the previous year), chiefly owing to unrealised exchange gains on trade accounts.

Other financial liabilities valued at amortised cost generated losses of EUR 45,359 thousand (compared with EUR 28,302 thousand the previous year), mainly due to financial charges on loans.

7.3.3 Disclosures

7.3.3.1 Accounting for derivatives transactions

As described above, the Company enters into derivative contracts on commodities to hedge risks arising from changes in the price of crude oil and oil products, and on interest rates to hedge the interest rate risks relating to the loans obtained.

At 31st December 2014, outstanding derivatives contracts mainly comprised:

- *Futures, options and swaps on oil products, classified as financial instruments held for trading;*
- *Interest rate swaps;*
- *Forwards on the EUR/USD exchange rate.*

These instruments are recorded at fair value: changes in fair value are recorded in the income statement under financial income or financial charges.

The outstanding positions on commodities and foreign exchange at the reporting date are expected to be closed out in the first few months of 2015, while the interest rate swaps have the same duration as the underlying loans.

The fair value of the instruments is determined based on the statements sent periodically by the counterparties.

7.3.3.2 *Fair value*

Financial assets and liabilities, with the exception of derivatives, are measured at amortised cost: since these are chiefly positions underlying transactions which are expected to be settled in the short term, or financial assets and liabilities carrying interest rates in line with current market values, amortised cost is not significantly different from the fair value at 31st December 2014.
Note that the bond loan carries a fixed rate and that market values from the relevant stock market are not available. The value of the related cash flows, discounted to present value at the market rate, does not differ significantly from the value recorded in the financial statements.

In accordance with the amendment to IFRS 7 implemented in the EU with EC Regulation 1165 of 27th November 2009, all financial instruments booked at fair value are measured based on valuation techniques that use observable market parameters other than the prices of these instruments as their reference, except for forex and commodities futures classified under 'Other current assets' or 'Short-term financial liabilities', which are valued based on prices in an active market; moreover, during the year there were no changes in valuation methods compared with the previous year.

7.3.4 Risks deriving from financial instruments

The risks deriving from the financial instruments to which the Company is exposed are:

a. Credit risk, i.e. the risk that the Company will incur a loss in the event that a counterparty to a financial instrument defaults;
b. Liquidity risk, i.e. the risk that the Company is not able to service payment obligations according to the agreed maturities of its financial liabilities;
c. Market risk, i.e. the risk relating to the performance of markets in which the Company operates, which incorporates foreign exchange risk, interest rate risk and the price risk of crude oil and oil products.

For information on risk management policies relating to the above, please refer to the relevant section of the Report on Operations.

7.3.4.1 Credit risk

The Company's exposure to credit risk relates mainly to trade receivables, other current and non-current receivables, assets held for trading and cash and cash equivalents.The comparative quantitative information required by paragraphs 36-38 of IFRS 7 is shown in the tables below:

	Book value at 31/12/2014		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue 0-30 days	31-60 days	61-90 days	over 90 days	Total	Recognized during the year	Cumulative
Current assets	**1,792,266**	**1,237,887**	**1,237,887**		**1,207,861**	**16,099**	**306**	**0**	**13,622**	**1,237,887**	**(1,710)**	**(3,947)**
Cash and cash equivalents	511,265	511,265	511,265		511,265					511,265		
Other financial assets held for trading	320,584	320,584	320,584		320,584					320,584	(1,710)	1,710
Trade receivables	404,550	398,893	398,893	192,910	368,867	16,099	306		13,622	398,893		
Provisions for doubtful receivables	(5,657)											(5,657)
Inventory	509,017											
Current tax assets	38,873											
Other assets	13,634	7,145	7,145		7,145					7,145		
Non Current assets	**977,540**	**56,399**	**56,399**		**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	5,793											
Intangible assets	19,436											
Equity interests carried at cost	727,652											
Other equity interests	495	495	495									
Deferred tax assets	168,260											
Other financial assets	55,904	55,904	55,904							0		
Total assets	**2,769,806**	**1,294,286**	**1,294,286**		**1,207,861**	**16,099**	**306**	**0**	**13,622**	**1,237,887**		

	Book value at 31/12/2014		Credit risk		Breakdown of maturities of financial assets pursuant to par. 37 b) IFRS 7						Impairment	
	Total	Of which financial instru-ments	Maximum exposure to credit risks excluding guarantees or other similar instruments	Guar-antees	Current	Overdue 0-30 days	31-60 days	61-90 days	over 90 days	Total	Recognized during the year	Cumulative
Current assets	**1,761,519**	**972,903**	**972,903**		**877,788**	**81,169**	**1,621**	**0**	**12,325**	**972,903**	**0**	**(6,157)**
Cash and cash equivalents	419,863	419,863	419,863		419,863					419,863		
Other financial assets held for trading	31,041	31,041	31,041		31,041					31,041		
Trade receivables	521,999	521,999	521,999	282,944	426,884	81,169	1,621	0	12,325	521,999		
Provisions for doubtful receivables	(6,157)									0		(6,157)
Inventory	739,352											
Current tax assets	39,172											
Other assets	16,249		0		0					0		
Non Current assets	**923,817**	**75,818**	**75,818**		**0**	**0**	**0**	**0**	**0**	**0**		
Property, plant and equipment	8,549											
Intangible assets	19,270											
Equity interests carried at cost	718,891											
Other equity interests	495	495	495									
Deferred tax assets	101,289											
Other financial assets	75,323	75,323	75,323							0		
T otal assets	**2,685,336**	**1,048,721**	**1,048,721**		**877,788**	**81,169**	**1,621**	**0**	**12,325**	**972,903**		

Guarantees on receivables are represented by letters of credit in the Company's possession in relation to deliveries to certain customers, sureties obtained from customers and credit insurance.

7.3.4.2 Liquidity risk

The Company's exposure to liquidity risk relates mainly to trade payables and bank loans. However, given the Company's considerable self-financing capacity, coupled with its low level of debt, liquidity risk is considered moderate.

The Company complied with all its obligations with respect to scheduled repayments of loans outstanding at the end of the period.

The information required by paragraph 39 of the standard in question is set out in the following tables.

	Book value at 31/12/2014		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guar-antees	2015	2016	2017	2018	2019	over 5 years
LIABILITIES										
Current liabilities	**2,254,470**	**2,161,283**	**2,161,560**	**0**	**2,176,886**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	595,629	595,629								
Bonds		*249,723*	*250,000*		*250,000*					
Interest (actual average yearly rate = 5.583%)					*6,979*					
Bank loans		*28,900*	*28,900*		*28,900*					
Overdrafts		*57,309*	*57,309*		*57,309*					
Loans from Group companies		*78,111*	*78,111*		*78,111*					
Interest (actual average yearly rate = 4.15%)					*8,347*					
Derivatives		*171,323*	*171,323*		*171,323*					
Other financial liabilities		*10,263*	*10,263*		*10,263*					
Trade and other payables	1,523,501	1,523,501	1,523,501		1,523,501					
Current tax liabilities	93,187									
Other liabilities	42,153	42,153	42,153		42,153					
Non-current liabilities	**276,735**	**269,824**	**272,320**	**0**	**8,750**	**73,312**	**42,934**	**11,980**	**179,747**	**0**
Long-term financial liabilities	256,654	256,654	259,150							
Bank loans		*82,926*	*84,150*			*56,100*	*28,050*			
Bonds		*173,728*	*175,000*						*175,000*	
Interest on medium/long term loans (rate = 4.15%)						*3,492*	*1,164*			
Interest on Bond (rate = 5%)					*8,750*	*8,750*	*8,750*	*8,750*	*4,747*	
Provisions for risks and charges	3,918									
Provisions for employees benefits	2,993									
Other liabilities	13,170	13,170	13,170			4,970	4,970	3,230		
Total liabilities	**2,531,205**	**2,431,107**	**2,433,880**	**0**	**2,185,636**	**73,312**	**42,934**	**11,980**	**179,747**	**0**

	Book value at 31/12/2013		Liquidity risk		Analysis of maturities of financial assets pursuant to par. 39 a) IFRS 7					
	Total	of which financial instruments	Nominal value of financial liabilities	Guar-antees	2014	2015	2016	2017	2018	over 5 years
LIABILITIES										
Current liabilities	**1,611,621**	**1,539,418**	**1,540,161**	**10,911**	**1,544,782**	**0**	**0**	**0**	**0**	**0**
Short-term financial liabilities	138,942	138,942								
Bank loans		*30,707*	*31,450*		*31,450*					
Overdrafts		*7,939*	*7,939*		*7,939*					
Loans from Group companies		*69,601*	*69,601*		*69,601*					
Interest (actual average yearly rate = 4.24%)					*4,621*					
Derivatives		*20,001*	*20,001*	*10,911*	*20,001*					
Other financial liabilities		*10,694*	*10,694*		*10,694*					
Trade and other payables	*1,376,337*	*1,376,337*	*1,376,337*		*1,376,337*					
Current tax liabilities	*71,677*									
Other liabilities	*24,665*	*24,139*	*24,139*		*24,139*					
Non-current liabilities	**391,413**	**377,612**	**379,310**	**0**	**20,705**	**46,731**	**314,527**	**33,711**	**1,400**	**0**
Long-term financial liabilities	361,302	361,302	363,000							
Bank loans		112,078	113,000			28,900	56,100	28,050		
Bonds		249,224	250,000				250,000			
Interest on medium/long term loans (rate = 4.93%)					6,747	5,175	3,457	691		
Interest on Bond (rate = 5.583%)					13,958	7,686				
Provisions for risks and charges	3,838									
Provisions for employees benefits	9,963									
Other liabilities	16,310	16,310	16,310			4,970	4,970	4,970	1,400	
Total liabilities	**2,003,034**	**1,917,030**	**1,919,471**	**10,911**	**1,565,487**	**46,731**	**314,527**	**33,711**	**1,400**	**0**

The fair value of derivatives recognised in the financial statements mainly relates to current positions.
Note that the hedging derivative instruments included in current financial liabilities, for EUR 20,001 thousand, include interest rate swaps on the Company's loans: the nominal future interest flows thereon are already included in "Interest on medium/long term loans" in the 'Non-current liabilities' section of the table.

7.3.4.3 Market risk

As explained above, the market risks to which the Company is exposed through its holdings of financial instruments relate to:

- The EUR/USD exchange rate, which affects the value of cash and cash equivalents and the receivables and payables recorded at the reporting date, and which determines the exchange rate gains and losses recorded under 'Financial income' or 'Financial charges' as well as the fair value of derivatives held at the reporting date;
- The Euribor interest rate, to which the interest rates paid by the Company on its loans are indexed, as well as the fair value of derivatives held at the reporting date;
- Prices of crude oil and oil products, which affect the fair value of the derivatives in place at the reporting date.

As required by paragraph 40 of IFRS 7, a sensitivity analysis was performed for every type of risk to which the Company is exposed at the reporting date, and show the effects of these risks on the income statement and shareholders' equity. The ranges used in the sensitivity analysis (exchange rate, interest rate and crude price) are in line with management forecasts. The results of the analysis are shown in the tables below.

Euro/dollar exchange rate

At the reporting date, the Company had derivatives denominated in US dollars. These were mainly recorded under trade receivables and payables.

A simulation was performed of the impact on net profit and shareholders' equity, assuming a variation of +/- 10% in the EUR/USD exchange rate at the end of the year, which was used to translate currency positions for the preparation of the statement of financial position.

2014					
EUR / US Dollar exchange rate				**Change in benchmark**	
Statement of financial position items	**Amount in foreign currency**	**EUR/US Dollar exchange rate**	**Amount in thousand of EUR**	**-10%**	**+10%**
Net position in foreign currency	**(1,116,404)**	**1.2141**	**(919,532)**		
Effect on profit before taxes				**(102,170)**	**83,594**
Effect on net profit (and shareholders' equity)				**(74,073)**	**60,606**

The following table shows the simulation at 31st December 2013.

2013					
EUR / US Dollar exchange rate				**Change in benchmark**	
Statement of financial position items	**Amount in foreign currency**	**EUR/US Dollar exchange rate**	**Amount in thousand of EUR**	**-10%**	**+10%**
Net position in foreign currency	**(835,493)**	**1.3791**	**(605,825)**		
Effect on profit before taxes				**(67,314)**	**55,075**
Effect on net profit (and shareholders' equity)				**(41,735)**	**34,146**

To hedge the effects caused by sensitivity to the EUR/USD exchange rate, the Company also enters into forward exchange rate contracts, which are recorded in the financial statements at fair value on the reporting date. As the fair value is inevitably affected by the underlying exchange rate, a simulation of the impact on net profit and shareholders' equity was carried out, assuming a change of +/-10% based on this year's exchange rate trends; the results obtained from such a variation are reported with a 99.55% confidence interval.

The results of the simulation are summarised in the following tables:

2014		**Change in benchmark**	
Derivatives on:	**Fair value as of 31/12/2014**	**-10%**	**+10%**
Exchange rates	14,472	109,370	(62,815)
	14,472	**109,370**	**(62,815)**
Effect on profit before taxes		**109,370**	**(62,815)**
Effect on net profit (and shareholders' equity)		**79,293**	**(45,541)**

2013		**Change in benchmark**	
Derivatives on:	**Fair value as of 31/12/2013**	**-10%**	**+10%**
Exchange rates	(2,469)	86,704	(71,400)
	(2,469)	**86,704**	**(71,400)**
Effect on profit before taxes		**86,704**	**(71,400)**
Effect on net profit (and shareholders' equity)		**53,756**	**(44,268)**

Interest rates

The Company is exposed to short-term and medium-/long-term interest rates. It pays variable rates indexed to Euribor and Libor on these positions.
A simulation of the impact of this variable on net profit and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates and only taking into account the portion of variable-rate funding.

2014				
VARIABLE INTEREST RATES			Change in benchmark	
	Average annual interest rate 2014	Annual interest charge	-25bps	+25bps
Short-and medium / long - term financial liabilities	5.08%	(36,698)		
Effect on profit before taxes			**3,612**	**(3,612)**
Effect on net profit (and shareholders' equity)			**2,619**	**(2,619)**

The following table shows the simulation at 31st December 2013.

2013				
VARIABLE INTEREST RATES			Change in benchmark	
	Average annual interest rate 2013	Annual interest charge	-25bps	+25bps
Short-and medium / long - term financial liabilities	4.24%	(10,007)		
Effect on profit before taxes			**1,180**	**(1,180)**
Effect on net profit (and shareholders' equity)			**732**	**(732)**

In addition, the fair value of the interest rate swaps (IRS) and options outstanding at the reporting date relating to the Company is affected by movements in the Euribor: a simulation of the impact of this variable on net profit and shareholders' equity was carried out, assuming a change of +/- 25 basis points in rates, which was considered appropriate, given probable rate fluctuations (the simulation for the previous year was adjusted).

The results of the simulation are summarised in the following tables:

2014		Change in benchmark	
Derivatives on:	Fair value as of 31/12/2014	-25bps	+25bps
Interest rate swaps fair value	(1,572)	(338)	337
	(1,572)	**(338)**	**337**
Effect on profit before taxes		**(338)**	**337**
Effect on net profit (and shareholders' equity)		**(245)**	**244**

The simulation at 31st December 2013 is shown below.

2013		Change in benchmark	
Derivatives on:	Fair value as of 31/12/2013	-25bps	+25bps
Interest rate swaps fair value	(1,087)	(552)	697
	(1,087)	**(552)**	**697**
Effect on profit before taxes		**(552)**	**697**
Effect on net profit (and shareholders' equity)		**(342)**	**432**

Prices of crude and oil products

Oil prices affect the fair value of the derivatives in place at the reporting date and the consequent differences recognised through profit or loss. At 31st December 2014, the derivatives consisted of futures, swaps and options on oil products, and the fair value recorded in the results is taken from the market prices of the underlying positions at that date.
The Company therefore performed a simulation of the impact of this variable on net profit and shareholders' equity, assuming a change of +/- 20% in the benchmark parameters.
The comparative results of the simulation are shown in the tables below.

2014		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2014**	**-20%**	**+20%**
Crude oil and oil products	27,047	50,020	(50,020)
	27,047	**50,020**	**(50,020)**
Effect on profit before taxes		**50,020**	**(50,020)**
Effect on net profit (and shareholders' equity)		**36,265**	**(36,265)**

The simulation at 31st December 2013 is shown below.

2013		Change in benchmark	
Derivatives on:	**Fair value as of 31/12/2013**	**-20%**	**+20%**
Crude oil and oil products	(2,816)	14,725	(14,725)
	(2,816)	**14,725**	**(14,725)**
Effect on profit before taxes		**14,725**	**(14,725)**
Effect on net profit (and shareholders' equity)		**9,130**	**(9,130)**

The above analysis of the Company's exposure to risks relating to financial instruments shows that there are no significant concentrations of risk in terms of counterparty, geographical area or market, while the concentration risk relating to exposure to the US dollar is mitigated by the hedging policies implemented.

7.4 Average staff numbers

The average number of employees, by category, is shown below.

	2014	2013
Managers	33	43
Office staff	211	529
Skilled worker	0	4
Manual workers	0	179
Total	**244**	**755**

The number of employees increased from 240 at the end of 2013 to 248 at 31st December 2014.

7.5 Tables showing information on the remuneration and shareholdings of directors and statutory auditors, general managers and senior managers with strategic responsibilities

The following tables provide information on remuneration and shareholdings of directors and statutory auditors, the general manager and senior managers with strategic responsibilities, i.e. the Chief Financial Officer.

7.5.1 Remuneration paid to directors and statutory auditors, general managers and senior managers with strategic responsibilities

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)
Name and Surname	Role	Period in this role	End of term	Remuneration for role in the Group	Non-monetary benefits	Bonus and other incentives	Other remuneration
Board of Directors						(*)	(*)
Gian Marco Moratti	Chairman	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	1,536,000			
Massimo Moratti	Ceo	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	1,536,000			
Angelo Moratti	Vice Chairman	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	236,000		-	541,505
Dario Scaffardi	Exec. Vice President And Gm	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	36,000		-	758,896
Gabriele Moratti	Non-executive Director	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	36,000		-	-
Angelo Mario Moratti	Non-executive Director	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	36,000		-	204,420
Gabriele Previati	Non-executive Director	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	36,000			
Gilberto Callera	Independent Director	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	36,000			
Giancarlo Cerutti	Independent Director	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	36,000			
Igor Ivanovich Sechin	Non-executive Director	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	36,000			
(*) Remuneration For Subordinate Work							
Statutory Auditors							(**)
Ferdinando Superti Furga	Chairman	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	62,400			31,200
Michele Di Martino	Permanent Auditor	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	47,726			23,091
Giovanni Luigi Camera	Permanent Auditor	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	41,600			100,274
Luigi Borrè	Stand-In Auditor	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014				7,626
Marco Visentin	Stand-In Auditor	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014				
(**) For Auditing Services For Other Group Companies							
Supervisory Board							(***)
Gabriele Previati	Chairman	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	20,000			30,000
Giovanni Luigi Camera	Member	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	10,400			40,950
Siracusa Concetto	Member	01/01/14 - 31/12/14	Resigned	3,900			12,533
Ferruccio Bellelli	Member	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	-			119,683
(***) Including Remunerations Of Other Group Companies							
Control And Risk Committee							
Gilberto Callera	Chairman	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	21,000			
Gabriele Previati	Member	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	14,000			
Giancarlo Cerutti	Member	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	14,000			
Remuneration Committee							
Gilberto Callera	Chairman	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	21,000			
Gabriele Previati	Member	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	14,000			
Giancarlo Cerutti	Member	01/01/14 - 31/12/14	Date of Approval of F/S for FY 2014	14,000			
Managers with strategic responsibilities						-	610.996

At the reporting date, end-of-service entitlements (not included in the table above) totalling EUR 332 thousand had not yet been paid.

7.5.2 Equity investments held by directors and statutory auditors, general managers and senior managers with strategic responsibilities

Surname / Name	Role	Company	N. of shares held at the end of the previous year	N. of shares acquired	N. of shares sold	N. of shares held at the end of the current year
		Equity interest				
Gian Marco Moratti	Chairman of the Board of Directors	Saras SpA	0	0	0	0
Massimo Moratti	CEO	Saras SpA	0	0	0	0
Angelo Moratti	Vice Chairman of the Board of Directors	Saras SpA	0	0	0	0
Angelomario Moratti	Non-executive Director	Saras SpA	0	0	0	0
Gabriele Moratti	Non-executive Director	Saras SpA	0	0	0	0
Gilberto Callera	Non-executive Director	Saras SpA	0	0	0	0
Igor Ivanovich Sechin	Non-executive Director	Saras SpA	0	0	0	0
Giancarlo Cerutti	Non-executive Director	Saras SpA	0	0	0	0
Gabriele Previati	Non-executive Director	Saras SpA	12,164	0	-	12,164
Dario Scaffardi	Exec. Vice President and GM	Saras SpA	0	0	0	0
Ferdinando Superti Furga	Chairman of the Board of the Statutory Auditors	Saras SpA	0	0	0	0
Giovanni Camera	Permanent Auditor	Saras SpA	0	0	0	0
Michele Di Martino	Permanent Auditor	Saras SpA	0	0	0	0
Luigi Borrè	Stand-in Auditor	Saras SpA	10,000	0	0	10,000
Marco Visentin	Stand-in Auditor	Saras SpA	0	0	0	0
Managers with strategic responsibilities		Saras SpA				-

7.6 Commitments

As part of its regular activities, Saras issued sureties totalling EUR 344,918 thousand at 31st December 2014, mainly comprising EUR 245,377 thousand to subsidiaries, EUR 3,130 thousand to Cagliari port authorities and EUR 1,830 thousand to the Ministry of Defence.

As at 31st December 2014 and 31st December 2013, no irrevocable, multi-year commitments had been made to purchase materials or services.

7.7 Other

Please refer to the Report on Operations of the Consolidated Financial Statements for details of any atypical and/or unusual operations as well as the accidents that occurred in 2009 and 2011.

8. Miscellaneous

For information on events that took place after the end of the period, please see the relevant section in the Report on Operations.

Pursuant to article 2428 of the Italian Civil Code, the Company's other offices are:
General and Administrative Headquarters - Milan
Public Relations and Administrative Affairs - Rome

Pursuant to article 149-*duodecies* of the Consob Issuer Regulations, the table below provides details of the fees relating to 2013 paid to the external auditor for auditing and other services, and to companies affiliated to the external auditor for services.

Disclosure pursuant to art . 149 - Duodecies of Consob's Issuer Regulations			
Services	**Provider**	**Recipient**	**Amount due in 2014 (EUR thousand)**
Audit	PricewaterhouseCoopers SpA	Saras SpA	419
Attestation	PricewaterhouseCoopers SpA	Saras SpA	15
Other services	PricewaterhouseCoopers SpA	Saras SpA	0
Total			**434**

9. Publication of the financial statements

At its meeting on 19th March 2015, the Saras Board of Directors authorised publication of the financial statements. At the same meeting, the Board vested the Chairman and the CEO with separate powers to include in the Report on Operations and/or the notes to the accounts any further detailed information deemed necessary or appropriate to provide a clearer picture of operations to shareholders.

For the Board of Directors
The Chairman
Gian Marco Moratti

Reports on the Financial Statements
for the year ended 31st December 2014

Statement by the Executive Manager responsible for the preparation of the Consolidated Financial Statements

SARAS

Saras SpA

Declaration in respect of the consolidated accounts pursuant to article 81-*ter* of Consob regulation 11971 of 14 May 1999 and subsequent amendments and additions thereto

1. The undersigned, Gian Marco Moratti, Chairman of the Board of Directors, Massimo Moratti, CEO, Dario Scaffardi, Executive Vice President and Corrado Costanzo, the Director responsible for drawing up the accounting statements of Saras S.p.A., hereby attest, pursuant also to the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- to the appropriateness in respect of the type of company and
- the efficient application

of the administrative and accounting procedures for the preparation of the consolidated accounts for the period 1 January 2014 to 31 December 2014.

2. In addition, the undersigned declare that:

2.1 the consolidated accounts to 31 December 2014:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to European Parliament and Council Regulation (EC) 1606/2002 of 19 July 2002
b) accurately represent the figures in the company's accounting records
c) were drafted in compliance with Consob Resolution 15519 of 27 July 2006, the regulations adopted by Consob with Resolution 11971 of 14 May 1999, as subsequently amended, and with Consob Communication DEM/6064293 of 28 July 2006, and give a true and fair view of the assets, liabilities and financial position of Saras S.p.A. and all consolidated companies.

Saras SpA

SARAS

2.2 the report on operations includes a reliable analysis of the performance, operating profit and current position of Saras S.p.A. and of all companies included in consolidation together with a description of the main risks and uncertainties to which they are exposed.

This declaration is made pursuant to article 154-*bis*, paragraphs 2 and 5, of Legislative Decree 58 of 24 February 1998.

Milan, 19 March 2015

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Gian Marco Moratti)	(Corrado Costanzo)
(Massimo Moratti)	
(Dario Scaffardi)	

Report of the Independent Auditors to the Consolidated Financial Statements

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Saras SpA

1 We have audited the consolidated financial statements of Saras SpA and its subsidiaries ("Saras Group") as of 31 December 2014 which comprise the statement of financial position, separate income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Saras SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 2 April 2014.

3 In our opinion, the consolidated financial statements of the Saras Group as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the Saras Group for the period then ended.

4 The directors of Saras SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian

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Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Saras SpA as of 31 December 2014.

Milan, 3 April 2015

PricewaterhouseCoopers SpA

Giulio Grandi
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

Statement by the Executive Manager responsible for the preparation of the Company's Financial Reporting

Saras SpA

SARAS

Declaration in respect the annual accounts pursuant to article 81-*ter* of Consob regulation 11971 of 14 May 1999 and subsequent amendments and additions thereto

1. The undersigned, Gian Marco Moratti, Chairman of the Board of Directors, Massimo Moratti, CEO, Dario Scaffardi, Executive Vice President and Corrado Costanzo, the Director responsible for drawing up the accounting statements of Saras S.p.A., hereby attest, pursuant also to the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:

- to the appropriateness in respect of the type of company and
- the efficient application

of the administrative and accounting procedures for the preparation of the annual accounts for the period 1 January 2014 to 31 December 2014.

2. In addition, the undersigned declare that:

2.1 the annual accounts to 31 December 2014:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to European Parliament and Council Regulation (EC) 1606/2002 of 19 July 2002
b) accurately represent the figures in the company's accounting records
c) were drafted in compliance with Consob Resolution 15519 of 27 July 2006, the regulations adopted by Consob with Resolution 11971 of 14 May 1999, as subsequently amended, and with Consob Communication DEM/6064293 of 28 July 2006, and give a true and fair view of the assets, liabilities and financial position of Saras S.p.A. and all consolidated companies

2.2 the report on operations includes a reliable analysis of the performance, operating profit and current position of Saras S.p.A. and of all companies included in consolidation together with a description of the main risks and uncertainties to which they are exposed.

Saras SpA

This declaration is made pursuant to article 154-*bis*, paragraphs 2 and 5, of Legislative Decree 58 of 24 February 1998.

Milan, 19 March 2015

Signature: delegated authority	Signature: director responsible for drawing up the accounting statements
(Gian Marco Moratti)	(Corrado Costanzo)
(Massimo Moratti)	
(Dario Scaffardi)	

Report of the Statutory Auditors to the Statements of Saras SpA

SARAS SpA

Registered office: S.S. 195 “SULCITANA” KM 19 - SARROCH

Share capital: EUR 54,629,666.67 (fully paid up)

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS’ MEETING PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE 58/98

Dear Shareholders,

During the year ended 31 December 2014, we carried out the supervisory activities required by law, updated by Legislative Decree 39/2010, in accordance with the Code of Conduct for Internal Auditors recommended by the National Accounting Board.

SUPERVISORY ACTIVITIES

In compliance with the instructions provided in Consob Communications 1025564 of 6 April 2001, 3021582 of 4 April 2003 and 6031329 of 7 April 2006, we wish to report the following:

We monitored compliance with legislation, the principal and secondary regulations, the Articles of Association and the principles of good administrative practice for listed companies.

We attended Shareholders’ Meetings and Meetings of the Board of Directors and the Board Committees, and obtained from the directors, on at least a quarterly basis and pursuant to Article 150 of Legislative Decree 58/1998, information on general operating performance and the outlook for this performance, and on significant transactions affecting the Company’s business and financial position, ensuring that the resolutions approved and implemented were not imprudent or risky, did not represent a potential conflict of interest, did not run counter to resolutions adopted by shareholders and did not jeopardise the Company’s assets.

We examined and monitored, within the parameters of our remit, the suitability of the Company’s organisational structure in compliance with good administrative practice, by collating information received from the heads of the various administrative functions and through meetings with the external auditors, in order to share relevant information. We have no specific observations to make in this regard.

The Board of Auditors examined and monitored the adequacy of the instructions given by the Company to its subsidiaries, pursuant to Article 114, paragraph 2 of Legislative Decree 58/98, and obtained information on their organisational structures and management control systems. It has no specific observations to make in this regard.

We have assessed and monitored the effectiveness of the internal control and the accounting administration systems, as well as the reliability of the latter in terms of accurately representing the results of administrative operations, by:

(i) examining the report of the Internal Control Manager on the internal control system at Saras;

(ii) examining the reports from Internal Audit and the information memorandum on the results of activities to monitor the implementation of corrective measures identified by audits;

(iii) obtaining information from the heads of the various functions;

(iv) analysing the results of the work carried out by the external auditors;

(v) sharing information with the control bodies of subsidiaries, pursuant to paragraphs 1 and 2 of Article 151 of Legislative Decree 58/98.

We have no particular observations to make in this regard.

An Internal Control Committee, a Remuneration and Appointments Committee and a Control and Risks Committee have been established within the Board of Directors. The Board of Auditors, having examined the new legislative provisions and regulations for companies, has verified the Company's compliance activities in this regard and notes that it has reviewed the Remuneration Policy, for Directors and managers with strategic responsibilities, adopted by the Board of Directors, in line with the Corporate Governance Code for Listed Companies and on the recommendation of the Remuneration and Appointments Committee, whose meetings the Board of Auditors attended.

We held meetings with representatives of the external auditors, pursuant to Article 150, paragraph 3 of Legislative Decree 58/98, and no significant information or issues were raised that ought to be included in this report.

We have not discovered any atypical or unusual transactions carried out with third parties, group companies or related parties.

In the notes to the accounts, the Directors indicate and explain numerous exchanges of goods and services between the Company, other Group Companies and related parties, and specify that these were governed by appropriate conditions as indicated in the notes to the accounts, given the nature of the goods and services provided.

We have obtained and reviewed information from the Supervisory Body regarding organisational and procedural activities implemented pursuant to Legislative Decree 231/01, as subsequently amended, relating to the administrative responsibility of entities for offences covered by the decree. The report by the Supervisory Body on the activities carried out in 2014 and the meetings held between the Supervisory Body and the Board of Statutory Auditors did not reveal any significant issues that ought to be mentioned in this report.

The Board of Statutory Auditors received analytical information on the impairment testing carried out to confirm the value of some significant fixed assets included in the financial statements of subsidiaries.

No complaints were reported to the Board of Statutory Auditors pursuant to Article 2408 of the Italian Civil Code.

Based on the express declaration of the Directors, the Board of Statutory Auditors notes that in addition to carrying out the audit, the external auditors were assigned the execution of the following services:

> checking the separate and consolidated financial statements relating to activities in the electricity segment for remuneration of EUR 7,760;
> signing tax declarations for remuneration of EUR 7,070.

During the year we issued favourable opinions on the following:

- the existence of the requirements for independent directors;
- the annual remuneration of the directors sitting on Board Committees, pursuant to Article 2389, paragraph 3 of the Italian Civil Code;
- the proposed additional services assigned to the external auditor.

By means of direct checks and information obtained from the external auditors, we have verified compliance with legal requirements regarding the preparation and presentation of the Company's annual financial statements and the report on operations that accompanies them. The Board of Statutory Auditors has also examined the valuation criteria used in preparing the financial statements to ensure that it meets legal requirements and that it reflects the Company's financial situation. In the risk analysis section, the Directors describe the main risks and uncertainties to which the Company and the Group are exposed, including operational, financial (price volatility, credit, liquidity, exchange rate, interest rate) and general risks.

The Board of Statutory Auditors held 11 meetings, including those with the bodies of the subsidiaries. It attended ten meetings of the Board of Directors, one Shareholders' Meeting, one meeting of the Remuneration and Appointments Committee and five meetings of the Risk Control Committee.

The report on operations provides sufficient information on the Company's operations and is appropriate for the scope and complexity of the Company's business.
In the year under review the Company incorporated the book value of its subsidiary Arcola Petrolifera Srl, as part of the company reorganisation mentioned in the Report on Operations.

ANNUAL FINANCIAL STATEMENTS

We have reviewed the draft financial statements for the year ended 31 December 2014, provided to us pursuant to Article 2429 of the Italian Civil Code, with regard to which we note the following:

For the purpose of comparison, the balance sheet has been drawn up with columns that include the values that would have been obtained had the merger of subsidiary Arcola Petrolifera Srl with the Company taken place on 1 January 2013;

Since we have not been engaged to carry out the statutory audit of the financial statements, we have supervised their presentation and the general legal compliance of their preparation and structure, and have no specific observations to make in this regard.

The annual financial statements to 31 December 2014 closed on a loss of EUR 328,872,284.

Conclusions

The external auditors have issued their report today without reservations.

The Board of Statutory Auditors has raised no objection to the approval of the financial statements and to covering the year's loss as proposed by the Board of Directors.

The Board of Statutory Auditors has made its recommendation for the appointment of an External Auditor pursuant to Article 13 of Legislative Decree 39/2010, due to expiry of the current mandate. You are therefore invited to take action in relation to the proposal.

Finally, may we remind you that on the occasion of the Shareholders' Meeting for the approval of the financial statements for the year ended 31 December 2014, the three-year term of office of the Board of Directors and the Board of Statutory Auditors comes to an end and you are therefore invited to make the necessary appointments.

Milan, 3 April 2015

Representing the Board
of Statutory Auditors

The Chairman

Ferdinando Superti Furga

List of positions held by the members of the Board of Statutory Auditors in companies as referred to in book V of the Civil Code as at 19/03/2015

Ferdinando Superti Furga

COMPANY NAME	POSITION HELD
Arnoldo Mondadori Editore SpA	Chairman of the Board of Statutory Auditors
Binda SpA in Liq.	Chairman of the Board of Statutory Auditors
Fininvest SpA	Chairman of the Board of Statutory Auditors
Saras SpA	Chairman of the Board of Statutory Auditors
Publitalia '80 SpA	Chairman of the Board of Statutory Auditors
Giuseppe Citterio Srl	Independent Director
Luisa Spagnoli SpA	Independent Director
Spa.Im Srl	Independent Director
Spa.Ma Srl	Independent Director
Spa.Pi Srl	Independent Director
Telecom Italia SpA	Permanent Auditor
Superti Furga e Partners Srl	Chairman
Sarlux Srl	Chairman of the Board of Statutory Auditors

Michele Di Martino

COMPANY NAME	POSITION HELD
Cortesa Srl	Permanent Auditor
Saras SpA	Permanent Auditor
Sarlux Srl	Permanent Auditor

Giovanni Camera

COMPANY NAME	POSITION HELD
AIMPES Ass.ne Italiana Manufatturieri Pelli e Succedanei	Auditor
ASPREMARE Ass.ne per la Prevenzione e la Terapia delle Malattie Renali - ONLUS	Auditor
CMC SpA	Auditor
F.C. Internazionale Milano SpA	Chairman of the Board of Statutory Auditors
Fondazione Cardinale Federico Borromeo	Chairman of the Board of Auditors
Internazionale Holding Srl	Permanent Auditor
M-I Stadio Srl	Permanent Auditor
Mondini Cavi SpA	Chairman of the Board of Statutory Auditors
Parchi Eolici Ulassai Srl	Single Statutory Auditor
Saras SpA	Permanent Auditor
Sardeolica Srl	Single Statutory Auditor
Sarlux Srl	Permanent Auditor
Sartec SpA	Chairman of the Board of Statutory Auditors
Shine Sim SpA	Chairman of the Board of Statutory Auditors

Report of The Independent Auditors to the Financial Statements of Saras SpA

pwc

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
Saras SpA

1 We have audited the separate financial statements of Saras SpA as of 31 December 2014 which comprise the statement of financial position, separate income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes. The directors of Saras SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 2 April 2014. In the statement of financial position, separate income statement, statement of comprehensive income and statement of cash flows the company included a column showing pro forma 2013 figures and in the statement of changes in equity it included a pro forma "Statement of changes in equity", in order to present the impact of the merger of the subsidiary Arcola Petrolifera Srl; we examined the method of presentation of the pro forma financial information and the related disclosures in the notes to the financial statements for the purpose of expressing our opinion on the company's separate financial statements as of 31 December 2014.

3 In our opinion, the separate financial statements of Saras SpA as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Saras SpA for the period then ended.
In the statement of financial position, separate income statement, statement of comprehensive income and statement of cash flows the company included a column showing pro forma 2013 figures and in the statement of changes in equity it included a "Statement of changes in pro forma equity", in order to present the impact of the merger of the subsidiary Arcola Petrolifera Srl; we examined the method of presentation of the pro forma financial information and the

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related disclosures in the notes to the financial statements for the purpose of expressing our opinion on the company's separate financial statements as of 31 December 2014.

4 The directors of Saras SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian accounting profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Saras SpA as of 31 December 2014.

Milan, 3 April 2015

PricewaterhouseCoopers SpA

Giulio Grandi
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

2 of 2

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